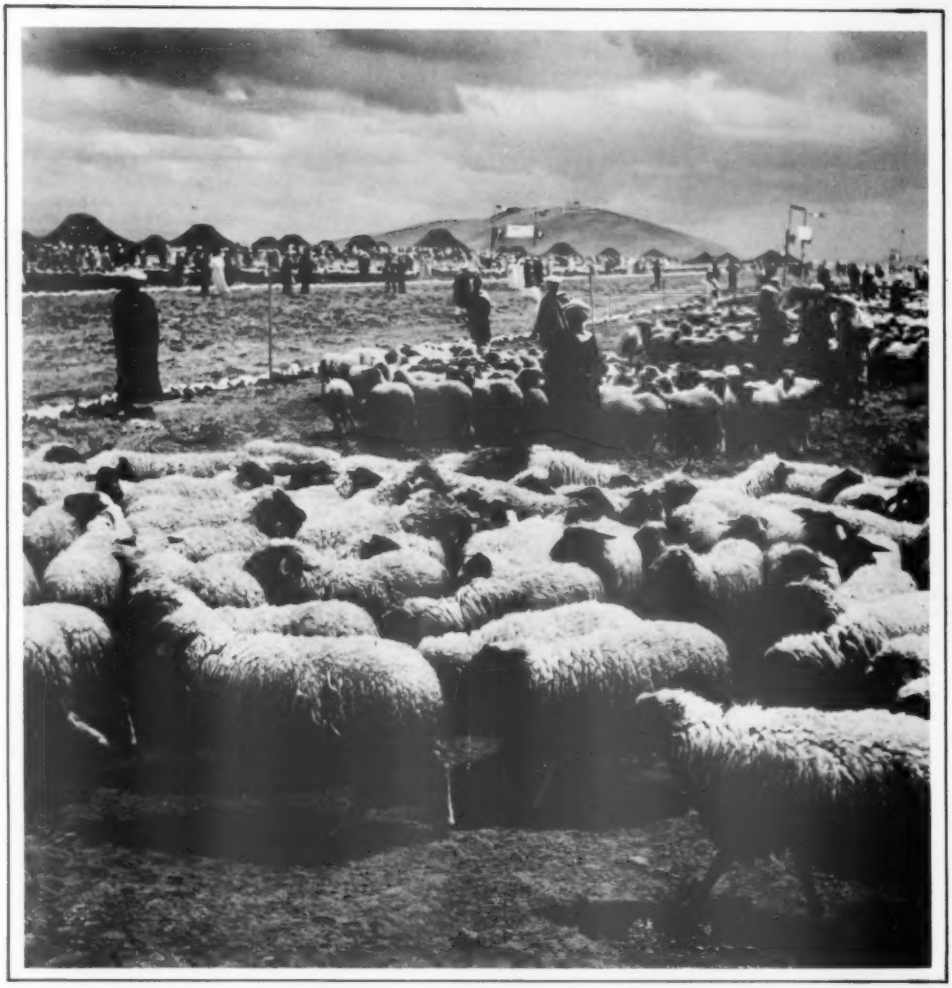
FOREIGN AGRICULTURE

August
1980

United States Department of Agriculture Foreign Agricultural Service



U.S. Farm Exports To Diversify in the '80's • EC's New Farm Price Hike Called Moderate • Those Uptrending World Food Prices • U.S. Consumer-Ready Food Sales to Netherlands Double

World Wheat Trade Patterns

We are currently estimating July/June world wheat and flour trade for 1980/81 may be marginally over last year's 83 million tons. Import decisions in China, India, and the Soviet Union will largely determine whether and by how much total trade will vary from this figure.

One thing is certain about this year's wheat trade: there will be increased competition from the European area. These increases are likely to be offset, at least partially, by export declines in Canada, Australia, and Argentina. However, while Canada's crop is very poor, it is expected to draw down stocks in order to prevent a sharp decline in exports.

Our current estimate for U.S. wheat exports for 1980/81 is about the same as last year's record volume.

Events of the past year, have generated a lot of talk about new directions for U.S. policy in grain marketing. Serious proposals have been made and trial balloons floated involving Government marketing boards, market allocation among major exporters, fixed prices, dual prices for domestic and export marketing, and other systems.

Is there a chance that one or the other, or a combination of these, will become the new direction for export marketing in the United States? I think not.

It seems to me the U.S. grain export record indicates that the system we have has served well. It has relied on market economics to attract the investment necessary to meet demand, and its success is attested by the fact that U.S. wheat represents two-thirds of the increase in total world wheat trade since 1970.

These export gains have been made in a system where production and trade decisions are made by individuals who produce wheat and market wheat, not by Government boards.

Despite U.S. export success, the problem of producer income remains, and it must be solved. But I do not believe the solution lies in abandoning free market principles in exporting, despite the advantages that might seem to lie in state trading, market allocation, price manipulation, and other devices that deaden the force of the market.

Relying on market principles, the United States has captured the biggest share of the increase in world wheat import demand and, as the biggest exporter, it stands to gain the most from continued expansion of the world market.

It seems to me that income equity for wheat producers will be better achieved through adjustments in our domestic support, target price, and farmer-owned reserve programs than by junking our market system—plus a relentless pursuit of global cooperation in making the supply adjustments necessary to bring a profitable stability to the market for wheat.

The world market for wheat is growing, and all our projections show that it will continue to grow as world population increases and incomes rise in most countries of the world.

Our latest projection shows a gain of 6 million tons in yearly world wheat trade by 1984/85. It indicates little import growth or negative growth in most major markets, including a decline of about 3 million tons in yearly imports of wheat by the Soviet Union. The growth potential lies elsewhere.

China's wheat imports this year are expected to increase by one-fourth. China already has bought more than 3 million tons of U.S. wheat for delivery in the current marketing year; its imports from all sources are expected to reach a record this year.

China is the most promising single opportunity as a growth market for U.S. wheat. Our 5-year projection shows China's wheat imports plateauing at around 10 million tons, but the effect of even small shifts in per capita use of wheat in a country of 1 billion people suggests that market development work could produce tremendous returns. Wheat Associates is among the U.S. market development cooperators active in China.

The outlook is bullish elsewhere in Asia—countries such as Malaysia, Thailand, the Philippines, and others. Many of them are making genuine economic progress and are in a position to increase the consumption of wheat and wheat products in a pattern similar to that of Japan 20 years or so ago.

Africa, some of the OPEC countries of the Middle East, and Latin America also will be using more wheat than they can grow themselves.

In those countries—the developing world—wheat imports should rise at the rate of well over a million tons a year.

World demand for wheat will continue to grow, and the growth will be largely outside the traditional markets. It seems to me the course for the United States should be to encourage that growth and to maintain or increase the U.S. producers' share of the gain.

To me that means domestic programs oriented to export trade, intensified market development, and aggressive merchandising of competitive-priced wheat.

—Remarks by Thomas R. Saylor, Associate Administrator, Foreign Agricultural Service, at Wheat Growers Leadership Conference, July 14, 1980.

CONTENTS

FOREIGN AGRICULTURE

Vol. XVIII No. 8 August 1980

Bob Bergland, Secretary of Agriculture

Dale E. Hathaway, Under Secretary for International Affairs and Commodity Programs

Thomas R. Hughes, Administrator, Foreign Agricultural Service

Editorial Staff:
Kay Owsley Patterson, Editor
Beverly J. Horsley, Assoc. Editor; G. H. Baker; Marcellus P. Murphy; Aubrey C. Robinson; Isabel A. Smith.

Advisory Board: Richard A. Smith, Chairman; Richard J. Cannon; William F. Doering; Richard M. Kennedy; Verle E. Lanier; J. Don Looper; Larry N. Marton; Jimmy D. Minyard; Larry F. Thomasson; John A. Williams; Ruth K. Zagorin.

The Secretary of Agriculture has determined that publication of this periodical is necessary in the transaction of public business required by law of this Department. Use of funds for printing *Foreign Agriculture* has been approved by the Director, Office of Management and Budget, through June 30, 1984. Yearly subscription rate: $14.00 domestic, $17.50 foreign; single copies $1.20. Order from Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.
Contents of this magazine may be reprinted freely. Use of commercial and trade names does not imply approval or constitute endorsement by USDA or Foreign Agricultural Service.

U.S. Food Trade in the '80's 7

U.S. Feed Grains Council Sheep Development Program in African-Mideast 9

France Stresses Farm Exports to Non-EC Markets 11
Although other EC countries remain primary markets, France is spreading its net wide in efforts to find new customers

FAS Label Clearance Program: Entree to Exporting 13

EC Farm Price Round Ends in 4.8 Percent Boost 14
The EC adopts a 1980/81 farm-price increase more than double 1979/80's but seen as moderate vis-a-vis heightened inflation.

New Dutch buying Habits Favor U.S. Foods 19
U.S. sales of consumer-ready foods to the Netherlands have more than doubled in the past 6 years.

An International Commodity Meeting—What Goes On 20

World Food Prices Continue Uptrend 22

Brazilians Get First Call on Their Country's Record 1980 Soybean Crop 24

Departments

Comment 2

Agri-Data 4

Commodity Update 5

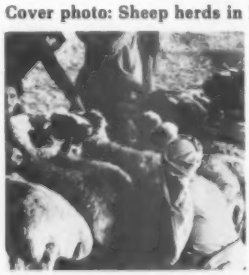
Fact File—*USDA's Technical Assistance and Training Programs* 25

Country Reports 27

Trade Briefs 33

World Agricultural Daybook 35

Cover photo: Sheep herds in Morocco.



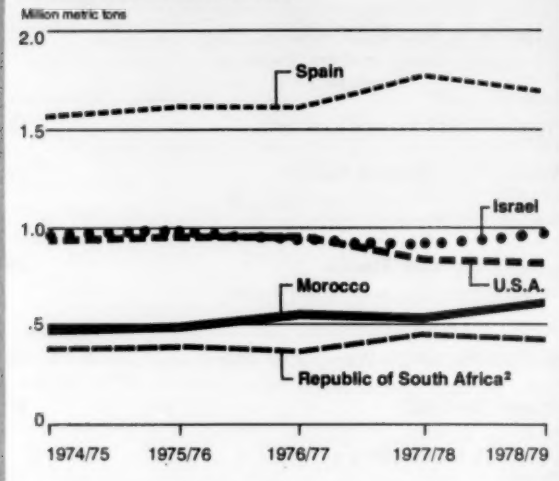
Page 9

Page 14

Page 28

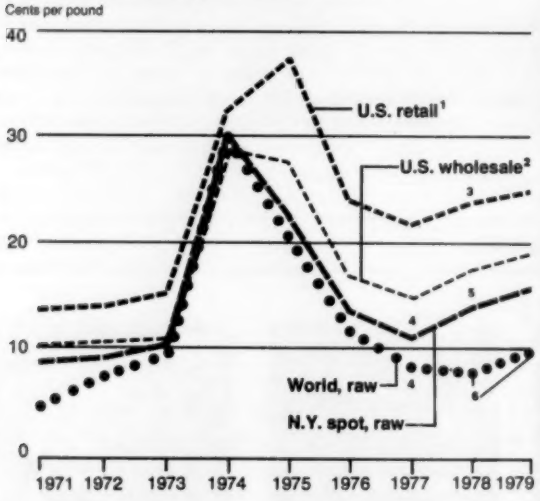
AGRI-DATA

Total Citrus[1] Exports by World's Five Top Producers, 1974/75-1978/79



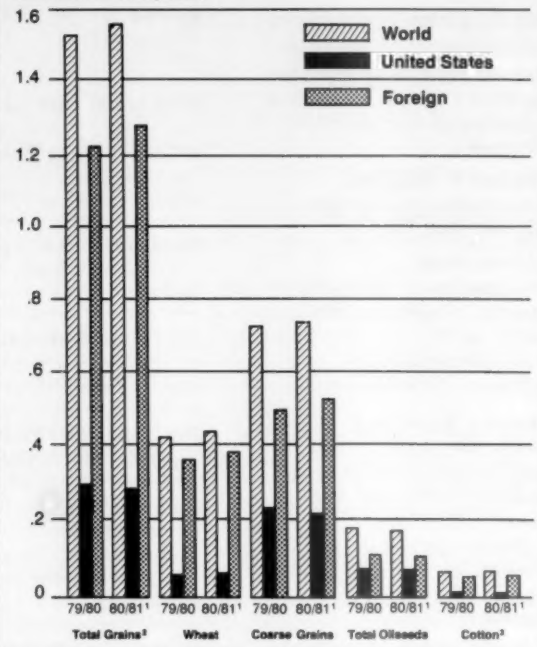
[1]Oranges, tangerines, lemons, grapefruit, limes, bitter oranges.
[2]Calendar years 1975 through 1979.

U.S. and World Sugar Prices, 1971-79



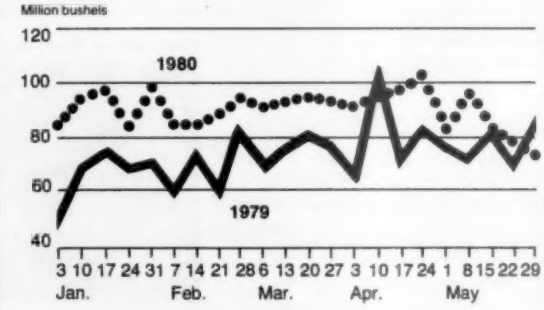
[1]Granulated sugar.
[2]Bulk, dry beet sugar.
[3]Derived from CPI (Dec. 1977-100).
[4]Ten-month average.
[5]Derived from London daily price, pound sterling.
[6]ISO daily sugar price, f.o.b., stowed Caribbean port.

World and U.S. Production: Grains, Oilseeds, Cotton, 1979/80 & 1980/81[1]



[1]Projections of 1980/81 production are based on trends and judgment of USDA analysts, as shown in World Crop Production, WCP-6-80, June 11, 1980. Ranges of subtotals are not additive and should encompass final outcome about 2 out of 3 times.
[2]Includes rice (rough). [3]Billions of 480 lb net bales.

Weekly Inspections of U.S. Grains[1] and Soybeans for Export[2]



[1]Grains include corn, wheat, sorghum, barley, and oats.
[2]Week ending on date given.

COMMODITY UPDATE

THE WORLD GRAIN SUPPLY DEMAND OUTLOOK HAS TIGHTENED IN RECENT WEEKS, particularly in Canada, where there has been a significant decrease in expected exportable supplies. Despite prospects of large harvests for Western and Eastern Europe, the USSR, and other importing areas, strong import demand by most parts of the world continues to indicate record trade in wheat, coarse grains, and rice during the 1980/81 season.

Total grain stocks by the end of the 1980/81 season are now expected to remain virtually unchanged from those of a year earlier, with a buildup in world wheat stocks—especially in the USSR—offset by a sharp decrease in world coarse grain stocks.

Significant deterioration of the grain crop outlook in Canada, as well as somewhat reduced grain export availability from that of a year ago in Australia, and increased imports by China, currently point toward prospects for record U.S. wheat and coarse grain exports in 1980/81.

The recent shift in global trade patterns between the USSR and other importing countries is expected to continue to develop during the 1980/81 season. In past months, as the USSR has turned toward non-U.S. grain suppliers to meet more of its import needs, other importers—such as China and several European countries—have turned toward the United States for a larger proportion of their import supplies.

ZIMBABWE TOBACCO-AUCTION PRICES CONTINUED TO FALL in the 10th and 11th weeks of sales, and were substantially below last year's level.

Prices are averaging 98 U.S. cents per kilogram, 31 percent below those for the same period in 1979. According to sources within Zimbabwe, tobacco farmers must receive higher prices in the last half of the season or as many as one-third of the farmers may be unable to continue producing tobacco.

Banks are reportedly reluctant to make loans to farmers because of the low auction prices. Furthermore, the Government recently increased the minimum wage for farm labor to US$45 per month, applicable to men, women, and children.

A reduction in the number of tobacco farmers also would cut production of other crops. Tobacco farmers grow an estimated 35 percent of Zimbabwe's corn, 30 percent of its peanuts, 17 percent of its winter wheat, and 21 percent of its beef.

To stabilize the tobacco industry, the Government reportedly guaranteed: higher prices for other crops that tobacco farmers grow, and loans to allow tobacco tradesmen to buy a significant portion of the tobacco surplus and isolate it from the market until prices stabilize.

TOTAL MEAT PRODUCTION IN THE MAJOR IMPORTING COUNTRIES (the United States, the European Community, Japan, and Canada) might increase 3 percent to a record level in 1980.

Pork, poultry, and lamb and mutton production should increase 4, 3, and 2 percent, respectively, from 1979 levels. Beef and veal output may decline about 1 percent.

Global trade in beef and veal is expected to fall in 1980, as substantial declines in shipments to the United States, Canada, Brazil, Korea, Israel, and others will outweigh larger movements to countries such as the USSR and Japan.

Beef and veal imports by the United States, the world's largest importer, are expected to drop substantially below last year's level. Lower U.S. import prices for beef are not attracting beef from many exporting countries, especially as many of them are rebuilding their beef cattle herds.

Poultry meat, lamb, and mutton are expected to be more plentiful on the world market, and, supported by demand from Middle East countries and the Soviet Union, trade should increase accordingly.

Trade in pork, however, is expected to decline substantially in view of increased supplies in many countries. Major markets will move this year in the aggregate from a net import position for pork to a net export position.

LARGE WORLD COTTON CROP IS FORECAST FOR 1980/81. Production in a number of foreign countries is expected to be sizable.

Preliminary estimates for 1980/81 indicate a world cotton production of 64.1-66.6 million bales (480 lb net. The 1979/80 crop was estimated at 65.5 million bales.

U.S. production in 1980/81 is projected at 12.2-14.7 million bales, with a planted area about 5.8 million hectares, 3 percent above the year-earlier level. The 1979/80 U.S. crop is estimated at 14.6 million bales.

Foreign production is projected at 51.9 million bales, compared with 50.9 million bales in 1979/80. Larger 1980/81 crops are anticipated in China, India, Brazil, and Turkey. Reports indicate the Soviet crop is progressing well and production is expected to equal 1979/80's.

U.S. cotton exports in 1980/81 are estimated at 9.4 million bales, the largest in over 50 years.

JULY'S FORECAST SETS WORLD OILSEED PRODUCTION FOR 1980/81 AT 172.2 million metric tons, slightly less than the 1979/80 estimate of 177.6 million tons.

U.S. soybean production is expected to fall to between 51-60 million tons.

After 3 consecutive years in which it increased by 10 percent annually, U.S. soybean area is expected to reach only 28 million hectares in 1980, 543,000 hectares below the 1979 level.

U.S. estimates for 1979/80 exports of soybeans, soybean meal, and soybean oil have all been raised: Soybeans to 23.1 million tons, soybean meal to 6.8 million, and soybean oil to 1.2 million. Delays in marketing the Brazilian soybean crop and continued strength in demand for soybean meal in the European Community are primarily responsible for the gains.

WORLD PRODUCTION OF DECIDUOUS FRUIT IS LARGER, BUT GRAPE OUTPUT SHOWED LITTLE INCREASE.

Most deciduous fruit harvests were moderately greater in 1979 than in the previous year. Production in the major producing countries rose for: Apples—4 percent, pears—3 percent, cherries—10 percent, and peaches—3 percent. Output of apricots declined 6 percent and plums and prunes 8 percent. Grape production remained virtually unchanged from the previous year's level.

WORLD PRODUCTION OF BRAZIL NUTS AND CASHEWS RECOVERED IN 1979. Brazil nut output is expected to fall in 1980, however, with cashew nut production continuing to rise.

World brazil nut production in 1979 increased substantially in response to near-record prices in late 1978. Lower prices in 1980 should depress brazil nut production to only 35,000 metric tons, down a third from the excellent 1979 crop.

World cashew nut production is estimated at 373,000 tons in 1979/80, up 4.5 percent from output the previous year. Despite the larger crop, supplies remain tight. Production in the major African producing countries has not gone up because lack of Government incentives continue to inhibit the gathering of wild nuts.

U.S. Farm Markets in the '80's

By James Starkey

Deputy Under Secretary for International Affairs
U.S. Department of Agriculture

The 1980's are expected to a period of adjustment in the world's agricultural sector—adjustments to slower economic growth in most countries, to smaller gains to agricultural productivity due to higher prices for energy-based inputs, and to relatively higher food and energy costs.

Although Western Europe and Japan will remain the largest U.S. agricultural markets in the 1980's, we expected the greatest growth in food demand and U.S. exports to be in the upper- and middle-income developing countries—such as Korea, Taiwan, and Mexico and the rapid-growth economies of North Africa, the Middle East, and East Asia.

In these countries, gains in consumer incomes will go to buy more and better food. This contrasts with developed countries where changes are apt to be mainly from one type of food to another.

U.S. farm sales to the developing countries have about tripled since 1970, and now represent about one-third of our total agricultural exports. Many of these countries, once recipients of U.S. food aid, have become important trading partners, paying cash for our agricultural commodities.

Developing countries in the upper- and middle-income range, particularly the oil exporters, offer some of the best market potential in the decade ahead since they have the financial resources to upgrade their diets. Mexico and Nigeria are good examples.

However, many low-income developing countries without oil resources are already in bad shape and are likely to continue that way for the foreseeable future. The sharp hike in oil prices in recent years, which are a burden to most oil importing nations, has been catastrophic for the world's poorest nations.

After oil prices quadrupled in 1973, the combined current account deficit for these countries jumped from an average of $4 billion to nearly $21 billion. In 1979, after OPEC doubled its oil prices again, the current account deficits of the non-oil developing countries rocketed to almost $43 billion. This year, it is estimated that the current account deficits of developing countries without their own petroleum will soar even higher, ranging from $64 billion to $73 billion.

But while the cost of oil and capital equipment has been rising, the value of many of these countries commodity exports has declined. Thus, we are likely to see a rapid deterioration in the capacity of the oil-deficit developing countries to import food commercially—or to import the fertilizer, capital equipment, and other items necessary to increase or sometimes even maintain their own domestic food production.

These countries are likely to need more U.S. food aid—rather than trade—in the decade ahead.

On the other hand, the centrally planned countries are emerging as important cash markets for U.S. farm products. Among these, the People's Republic of China, a country of nearly 1 billion persons, is potentially a tremendous customer for the United States.

China's goal of increasing both the quantity and quality of diets over the next decade suggests much greater participation in world trade in the 1980's. And with a population accounting for more than a fifth of the world's people, even small per-capita consumption increases imply an enormous volume of additional food needs. In addition, China has vast oil resources that could well provide the foreign exchange required to finance these needs.

Our recognition of China, the implementation this year of the U.S.-China Trade Agreement, and the determination of its leaders to modernize its economy offer golden opportunities to firms in the U.S. food and fiber sector.

The Chinese are interested in expanding their livestock sector. They plan to develop large, specialized swine and poultry operations near urban areas and also to boost numbers of grazing livestock by carrying out pasture renovation and improvement. We can help them in this by providing technology as well as U.S. feedgrains, oilseeds, and breeding stock.

The Foreign Agricultural Service has opened six agricultural trade promotion offices in the past year, under authority provided by the Agricultural Trade Act of 1978. Several more are planned, and one of them will be in Beijing.

Because of space shortages there, the office probably will not be in operation until 1981. But before the end of this year, we hope to have a trade officer in Hong Kong who will visit Beijing periodically to make contact and establish relationships with various Government departments so as to be of service to U.S. trademen interested in the Chinese market.

Also this fall—November 17-28—the United States will have its first big trade exhibit in the People's Republic of China. Agriculture will be participating through its market development cooperators. Several cooperators, including the U.S. Feed Grains Council and U.S. Wheat Associates, Inc., already have made visits to China to determine common interests and mutually beneficial programs.

Among the centrally planned economies of Eastern Europe, we expect a further surge in U.S. exports of feedgrains and oilseeds in the coming decade, as these countries try to fill their citizens' desire for better diets, and in particular for more meat.

We are already exporting roughly a billion dollars worth

of farm products to Eastern Europe yearly as increases in consumer income there fuel demand for meat and livestock products. In the 1980's the demand for food—especially meat—will increase further because of a combination of subsidized consumer prices and larger disposable incomes coupled with limited opportunities for spending on durable goods and housing. This may be tempered by the impact of rising oil prices on the economies of these countries. Our ability to expand sales could well depend on our willingness to extend significant lines of credit or credit guarantees as we have in the case of Poland.

We will continue to have to work hard to maintain our established markets in Western Europe and Japan.

Japan will, of course, continue to be our most important single-country market overseas. However, the United States should be prepared to face some stiff challenges there.

As the industrial giant of Asia, Japan has a strong economy and has chosen largely to rely on that industrial strength; consequently its food imports have risen more than 300 percent over the past two decades. However, gains in the 1980's are not expected to be anywhere near those of the past two decades when the Japanese diet was rapidly becoming more Westernized.

Japan will continue to be an important market for U.S. soybeans, corn, wheat, sorghum, cotton, citrus, beef, pork, and poultry. Changes in international fishing limits may increase Japan's import needs for beef, pork, and poultry. The demand for feedgrains and oilseeds is also expected to grow as Japan gears up to larger domestic production of animal protein.

There are also likely to be some new growth areas in the Japanese market. Consumption of processed products and convenience foods seems to be close to the takeoff point in Japan. High Japanese labor and energy costs may give imports of such items a competitive edge.

The Multilateral Trade Negotiations agreement signed in Geneva last year will help provide new export opportunities in Japan. The Japanese have reduced trade barriers on agricultural exports worth about $1.5 billion—including citrus, beef, soybeans, and a number of specialty fruit and vegetable crops.

The challenge in the Japanese agricultural market in the 1980's will be to make maximum use of these new trading opportunities. U.S. exporters cannot stand back and let other suppliers reap the rewards. We need to stay competitive and be creative to capture our fair share of the market gains.

We will face much the same challenges in Western Europe in the decade ahead. Economic growth in the 1980's is not expected to be strong enough to stimulate much of an increase in overall food demand. However, rising per capita incomes should contribute to further improvements in diets—particularly in the southern European countries where the enlargement of the European Community to include Greece, Spain, and Portugal could boost incomes. However, enlargement could also yield some negatives for U.S. exporters if it results in greater production of fruit, vegetables, and feedgrains in the three new member countries.

In total, the economic and political factors we can foresee for the 1980's at this point suggest that despite uncertainties such as the impact of higher energy costs, it will be another decade of strong growth for U.S. farm exports. But we are going to have to stay on our toes—we will need to market our products aggressively so that we can remain competitive in world markets.

We can also help or hurt our export efforts by trade actions undertaken in our domestic market.

Since 1970 the U.S. balance of trade has been in deficit each year except 1973 and 1975. And we will likely remain in the red until we diminish our dependence on imported oil.

But there is a dangerous tendency to point to other imported goods as the source of our trade problems, and to call for restriction of imports of a variety of manufactured and agricultural goods.

The problem of rising oil prices and their impact on the trade balance is not uniquely American. The transfer of financial resources to OPEC nations is felt by all nations not self-sufficient in energy.

We cannot expect to offset our imported oil bill by insisting on the one hand that foreign countries purchase our exports while we limit their sales to us on the other. Trade is a two-way street. We must allow our trading partners to market their goods in the United States if we expect to have continued access to markets abroad for our food and fiber.

In particular, the middle-income developing countries—some of our best market prospects in the 1980's—will find their economic growth curtailed, their finances restricted, and will not be able to feed from our breadbasket if we close the vast U.S. consumer market to their goods.

There is another pitfall we could create for ourselves if we heed the somewhat simplistic advice of those who suggest that we should use food, as OPEC nations are using oil, to force our customers to pay higher prices.

Arguments are made that we should. . .

- Raise the bushel price of wheat to equal the price of petroleum.
- Engage in direct barter of "a bushel for a barrel."
- Organize a cartel with other major grain producers to control supplies and prices in our own interest.
- Raise prices to any country where internal prices for U.S.-origin products are held at levels above the import price. Twenty-five-dollar beef in Japan is an example.
- Create a national marketing board for grains and soybeans to enable us to exercise the controls necessary to set prices and control exports.

The problem with all of these ideas is that even if they were economically feasible—which they are not—they would necessitate massive Government intervention in the U.S. agricultural system—something this administration generally opposes and which most farmers and processors and others involved in agriculture would resist as well.

The agricultural system we have is one of the most productive and responsive in the world. That is because it is based on a competitive, free market system—on private enterprise and private initiative, not on Federal bureaucracy.

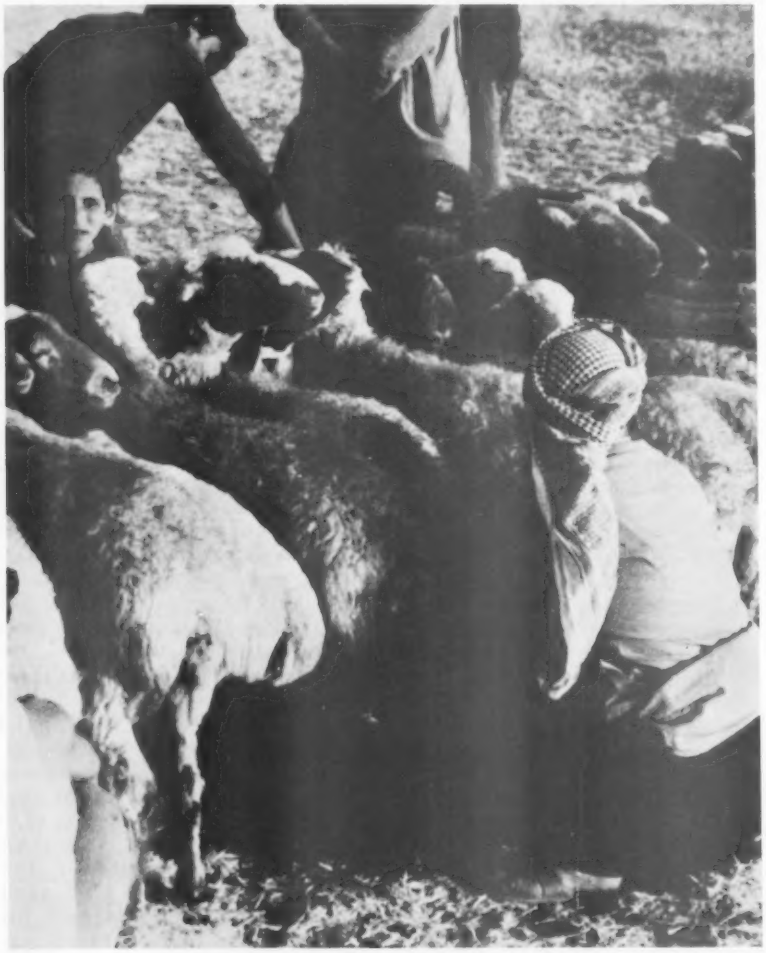
The abundance of America's agricultural system stems from the fact that farmers, processors, and exporters are freer than those anywhere else in the world to work in their own interests—without rigid Government controls on production, prices, or trade. We need to keep it that way.□

Excerpted from remarks at the World Affairs Council, Salem, Oregon in mid-June.

USFGC Sheep Program in Africa, Mideast Could Up U.S. Feedgrain Exports

By Colin Campbell

Milking sheep near Aleppo, Syria. In the middle East, most sheep are fattailed and are milked during part of the year. They also provide meat and wool.



After centuries of traditional sheep feeding and breeding regimens, some Mideastern and North African countries are entering into programs that will lead to the adoption of modern, intensive-production methods and that will result in a larger demand for U.S. feedgrains.

Proposed by the U.S. Feed Grains Council (USFGC), a private nonprofit commodity group cooperating with USDA's Foreign Agricultural Service to promote exports of feedgrains, the plan is specifically geared to meet the needs of the sheep sectors of North Africa and the Middle East.

The USFGC project calls for:

- Division of sheepfeeding ranges into local administrative districts, and the placing of grazing restrictions, based on each area's sheepcarrying capacity.
- Limits on the size of each country's nomadic sheep herd to reduce grazing pressure on steppe pastures.[1]
- Improvements in nutrition, breeding, and management practices so as to raise lamb production per ewe and maintain producer incomes at current levels with smaller herds of more productive sheep.
- Weaning lambs at 6 weeks of age and immediately feeding all-concentrate diets to bring the lambs to market at a much earlier age, which results in a higher profit, while at the same time reducing the demand for forage and grazing space.
- Combining individually owned flocks into lamb-fattening cooperatives patterned after the Spanish complejos (farming cooperatives), in which central lamb-fattening facilities are built by groups of sheep farmers, and feed purchases and lamb sales are carried out cooperatively.

The countries involved in the USFGC lamb program are relatively small importers of U.S. feedgrains at present, although the potential for growth is strong, depending on the

[1]The majority of sheep in Iran, Syria, Morocco, and Iraq are grazed on the steppes, arid pasturelands of little agricultural value except for raising sheep and goats, which can survive on minimum water and forage.

Mr. Campbell is Director of U.S. Feed Grains Council's London office and also the Sheep Program Director.

speed with which the four nations undertake feeding regimens based on high energy rations. Data for 1978/79 (July-June), compared with shipments in 1977/78 (shown below in parentheses), and given in metric tons, show that U.S. feedgrain exports to the four in these 2 years were:

Iraq, 30,000 (58,000); Syria 129,000 (15,000); Morocco, 91,000 (44,000); and Iran, 207,000 (294,000).

Taking the four countries together, total feedgrain imports from all sources were over 1.6 million tons in 1978/79, double the level of 1976/77. Even though current problems in Iran may cause some decline in its 1979/80 import level, rapid growth in the other three countries will more than offset that decline. A combination of political and economic factors has operated to keep the United States from maintaining its 1976/77 market share in this rapidly growing market.

Sheep are the most numerous and most important livestock species in the four countries. Numbering around 68 million head, most of the sheep are multipurpose.

Most Islamic consumers greatly prefer mutton and lamb over beef (pork is forbidden by their religion), and large numbers of sheep are slaughtered on religious feast days. Along with the camel, sheep hold a favored spot with Middle Eastern and North African herdsmen because both animals are extremely adaptable to the rigors of their environments.

Yet, despite the importance of the sheep sector, very little has been done to improve breeding and feeding techniques.

In recent years, producers have taken steps to increase dairy and poultry production, knowing that rising consumer incomes would create a large demand for animal protein. As a result of the development of the USFGC and other programs, however, increasing emphasis is now being given to the sheep sector.

Historically, a substantial share of the sheep population in both Africa and the Middle East is kept by nomads on pasture too dry and austere to carry most other animals. Even farmers who have water on their farms, or available in the immediate neighborhood, send their sheep into the dry lands to fend for themselves for a large part of the year, preferring to use the water for crop production.

The delicate balance of the steppe, consequently, has been eroding as overgrazing increases, often because herd owners keep their sheep longer, preferring live sheep as an investment rather than some other form of surety. In addition, traditional grazing patterns have been upset because the flocks, requiring greater areas to graze, have disturbed the custom of alloting specific areas of the steppes for grazing during set time periods of the year.

Thus, the already arid pastureland is turning into even drier semidesert, whose sheep-carrying capacity is dropping year by year. Furthermore, the uncontrolled feeding patterns result in sheep whose health is undermined by undernutrition, while the ewes are suffering from reduced fertility and milk-producing capacity, and giving birth to lambs that are smaller and weaker than normal. The lambs, in turn, grow to maturity at a slower speed and, therefore, compete longer with adult animals for the natural forage that is already in short supply.

According to USFGC, sheep and sheep meat production, and mutton and lamb per capita consumption in the four countries follow dissimilar patterns. In 1978, for example, Iran had the largest sheep flock and sheep meat production, but its per capita consumption was lower than Syria's. Syria on the other hand, had the smallest sheep flock, but the highest per capita consumption. Its meat production was the second highest.

The following data show these contrasts:

	Sheep numbers	Sheep meat production	Per capita sheep meat consumption
	(Mil.)	(1,000 MT)	(Kg)
Iran	33	176	5.2
Morocco	14.4	37	2.0
Iraq	11.2	37	3.1
Syria	7.0	51	6.6

These data, built up by the USFGC when it began to study the possibility of expanding U.S. feedgrain exports to the four countries—and reinforced by earlier studies by livestock authorities from the Western United States—led to the conclusion that potential consumer demand for sheep meat was strong enough to support production rises. They also led to the conclusion that traditional production patterns would have to give way to more modern, semicommercialized methods. But at the same time, USFGC realized there was no great interest in such a program on the part of the four Governments involved.

The USFGC's recommendations regarding initiating national sheep-grazing programs and limiting pressure on steppe grazing lands have been, and will be, difficult to implement. However, in recent years the Food and Agriculture Organization and the World Bank have begun to promote a program to store winter sheep feed in the steppe and to reintroduce traditional tribal grazing patterns. Both of these will have the effect of reducing overgrazing.

In 1978, the USFGC began flock improvement programs both in Syria and Morocco. The USFGC's intentions to conduct similar programs in Iran and Iraq had to be postponed due to the internal situation in these countries. The Syrian program is being fostered on a private farm near Aleppo, and the Moroccan project on a cooperative, Government-backed farm near Casablanca. Over the next several years, the USFGC program is expected to improve health standards, standardize breeding methods, raise nutritional standards, and modernize management practices.

The program's immediate aims are to:

- Improve year-round nutrition of the ewes;
- Improve the prolificacy of native sheep by crossbreeding them with breeds having high lambing rates;
- Introduce a controlled 8-month lambing cycle; and
- Synchronize breeding so that lambs are born during times when feed supplies are at optimum levels and, consequently, the market prices for fattened lambs are at their highest.

The two Syrian and Moroccan farms are developing into demonstration units open for visits by farmers. Results of the programs are published in Arabic and the documents are given wide distribution. In addition, the program provides for inviting sheep farmers periodically to field days at which they can study the improvements being demonstrated.

Syria and Morocco also are sites of early weaning demonstrations. Intended to encourage weaning of 6-week old lambs onto whole-grain rations, the results of the demonstrations—two in each country—have varied between the farms involved. However, in each case

the farmers are continuing with the demonstrations in 1980.

On the most successful farm in Syria, the lambs have a growth rate of 350 grams per day with a feed conversion rate of just over 3 to 1. They were sold for a net profit equivalent to US$15. In addition, the lambless ewes were milked, and gave an average of 1 liter of milk per day.

On the Syrian farm with less successful results, the main problems were a lack of vitamins and trace elements in the rations, poor housing, and faulty hygiene practices. In Morocco, the main concern has been shortages of suitable feedgrains and soybean meal and generally low husbandry and management practices. Basic fattening diets consisted of 83 percent whole barley and 15 percent soybean meal, bolstered by mineral and vitamin supplements when available.

Under the USFGC program, grain consumption per Moroccan lamb has been boosted to an average of 50 kilograms, compared with a 10-15 kilogram average consumption under the traditional system of feeding, where lambs are left with their mothers until slaughtered.

However, full development of the program was hindered because farmers in both countries were able to purchase only barley for lamb feeding. Corn was reserved for poultry feeding.

In northern Syria, 1-2 million feeder sheep are being fattened annually in private fattening units, grouped into cooperatives for buying feed and selling the finished animals at the end of the fattening period.

The sheep industry in the Middle East and North Africa is slowly developing into a stronger agricultural resource. Sheep meat and dairy products are in short supply, and the sheep producers are more than eager to meet the demand, especially since rising demand is pushing prices upward, insuring farmers excellent returns.

Although a large number of sheep producers in the region are not aware of the potential of modern, intensive production methods, the success of the USFGC programs in Syria and Morocco and the dissemination of the results of the projects could revolutionize the sheep sector and thereby boost the demand for U.S. feedgrains. □

France Stresses Agricultural Exports To Non-EC Countries

By Turner L. Oyloe

France, a major exporter of farm products, has had considerable success boosting its agricultural exports to non-EC countries and is reexamining its farm policies and programs in an effort to raise such exports even more. Although the other European Community countries will continue to be France's top markets, French production growth is outstripping EC requirements, underlining the need for markets outside the EC.

The most pertinent policy paper designed to boost France's agricultural exports is the country's Eighth Economic Plan (1981-85), which will be submitted to the French Assembly this year. However, the Plan, which lists six major aims, is a guide to policy priorities rather than an outline of specific programs supported by a budget, so it is too early to judge.

While essentially continuing past programs in which economics remained second to social gains, the Plan asks the question "How can France maintain a competitive, export-oriented agricultural sector and at the same time keep the social gains and marketing structure stemming from the EC's Common Agricultural Policy (CAP)?"

The answer may be that the need to export outweighs some of the other considerations involved.

The chief feature of the agricultural sector of the Plan is to improve France's balance of trade in agricultural products. The goal of the Seventh 5-year Plan (1976-80) was to produce an agricultural trade surplus of F20 billion in 1980—$5 billion. Preliminary data for 1979 show an agricultural trade surplus of $1.5 billion, compared with $1.2 billion in 1978.

According to the preliminary *Report on the Principal Options for the Eighth Plan* published recently, there is still room for considerable improvement in France's agricultural export performance and in its reliance on import substitution, but much will depend on the productivity of France's agriculture and upon the development of the CAP.

The Plan points to the need to expand France's share of world markets by strengthening competition among domestic producers—even to the point of decontrolling prices—reducing subsidies to public and private enterprises, and permitting industries to sink or swim, according to their abilities. To date these measures apply only to the industrial and public sectors, but it is improbable the agricultural sector will be able to withstand for long the need to develop a price structure geared to the export market.

Preliminary data show that France exported an estimated $15.4 billion worth of agricultural products in 1979 and imported $13.4 billion worth. Some $527 million worth of France's agricultural exports went to the United States—second largest agricultural export market after Switzerland—and consisted mos of wine, liqueurs, and cheese. Also, in 1979, France's preliminary data show imports of $1.1 billion worth of U.S. agricultural commodities—principally grain, $252 million; oilseeds, $326 million; oilseed meal, $121 million; and offal, $159 million, putting the United States in third place as a supplier of agricultural products to France from all countries and in first place as a supplier among countries outside the EC.

Although France is the largest grain producer in the EC (growing 40 percent of the EC total), it is no longer

Mr. Oyloe is U.S. Agricultural Counselor, Paris.

the "breadbasket of Europe." High grain prices throughout the EC have stimulated grain production in a number of EC countries.

The French Government has the joint problem of meeting farmer demands for higher grain prices yet assuring that subsidies will be high enough so that French grains will be competitive on world markets. France has had success in boosting farm producer grain prices at the annual EC price negotiations in Brussels, but as prices rise French supplies have grown and demand in France and other EC States has fallen off. This underlines the need for non-EC markets for French grain exports.

The EC has traditionally bought most of France's exported grain, but France's share of the EC market is expected to fall to about 50 percent in 1979/80.

France's total grain export availability in 1979/80, at 17.8 million tons, was 1.1 million tons more than in the previous year, as unusually large stocks more than compensated for a slightly smaller harvest in 1978.

France's 1979 wheat harvest, at 19.4 million tons, was significantly lower than in 1978. The corn crop greatly exceeded the 1978 total, reaching 10.3 million tons, but the 1979 barley crop, at 11.2 million tons, was slightly smaller than 1978's.

The size of the 1978 grain crop influenced both stocks and exports in 1979. Total grain exports climbed from 14.3 million tons in 1977/78 to 16.7 million tons in 1978/79, with most of the increase resulting from larger sales to third countries. Exports to the EC market stabilized at about 10 million tons in the period, while grain exports to third countries have climbed from 5.1 million tons to 8.1 million.

The EC can absorb all of France's 1979/80 exportable corn surplus of 3.05 million tons, but it is likely France's stocks of soft wheat and barley will show another gain in 1980/81 as sales of both grains to other EC countries and to third countries were lower in the first 3 months of the 1979/80 crop year than in the same months of the previous year.

France's poultry meat production hit a new record of 1.03 million tons in 1979, largely because of a 6.2 percent rise in broiler outturn to 635,100 tons. Exports of most poultry categories were larger, aided by particularly strong sales efforts by several export-oriented turkey and broiler slaughterhouses.

Broiler exports climbed to 154,300 tons (excluding parts), a record increase of 35 percent over the 1978 total. Most of this gain came from larger exports to Mideastern countries (notably Saudi Arabia and North Yemen), although the Soviet Union took some 32,000 tons. West Germany also took a few thousand tons, but its reduced takings continued a general decline in purchases of French product.

The greatest production growth rate in the poultry area was again for turkeys. Production reached 175,600 tons in 1979, up 16.5 percent from the previous year's level. But the domestic consumption growth rate slowed and created a turkey oversupply during the first half of the year. However, exports—spurred by EC subsidies—have increased steadily and in 1979 turkey meat, including whole turkeys and parts, were roughly double the previous year's, mostly going to other EC countries.

Although growth of French poultry exports to some third countries is pronounced, competition from other suppliers, including those in the United States, is stiffening. Future expansion of France's poultry meat exports depends on the EC's willingness to continue to subsidize such shipments.

France's domestic consumption of poultry products is forecast at 880,400 tons in 1980, which means that some 232,000 tons of the year's projected production of slightly less than 1.1 million tons will have to be exported. Exports are expected to have little trouble reaching this level.

French poultry and egg producers are discussing the formation of an export lobby for chickens and eggs similar to the industrywide turkey export group. Egg producers believe that such an organization would enable French producers (and those in the Netherlands) to contract to supply more eggs to third countries.

France expects its trade in dairy products to result in a possible $1.25 billion surplus. Exports of cheese, the most important product, are expected to reach 250,000 tons, followed by butter with 160,000 tons, and nonfat dry milk (NFDM) with 150,000 tons. Nearly all of France's butter imports come from other EC countries, but 88 percent of French butter exports leave the EC, with over half of that going to the USSR.

France can easily support a high dairy-product export level. Its cow milk output was up again in 1979, by about 3.6 percent. This level is three times the 1973-78 trendline growth of 1 percent a year and higher than in most other EC countries.

In 1980, production increases should exceed consumption growth for most dairy products, leaving a large supply for export or stocks. Prospects for cheese exports to other EC countries are considered good, but butter and NFDM exports to third countries will require high export subsidies.

France, a major producer, ships large volumes of wine and brandy (cognac, armagnac, and calvados) to countries outside the EC, particularly to the United States. France also is a large-scale wine importer, primarily of blending wine from Italy.

In 1979, France increased its imports by 60 percent in part because of a subnormal harvest in 1978. As a result, the value of imported wines and spirits in 1979 was expected to reach $729 million. However, wine exports were expected to total $2.9 billion, producing a trade surplus of $2.2 billion.

In 1980, the industry expects prices to stabilize or even decline after climbing somewhat in 1979. Wine production in 1979 reached a record of 83.5 million hectoliters. As a result, this may increase the competitiveness of French wines on foreign markets.

In its search for non-EC markets, France—like a number of other agricultural exporters, including the United States—participates in a number of international expositions. Since large numbers of tradesmen from Africa, Asia, and the Middle East visit these exhibits in search of new products, French representatives have found such participation often produces contacts that ripen into sales contracts.

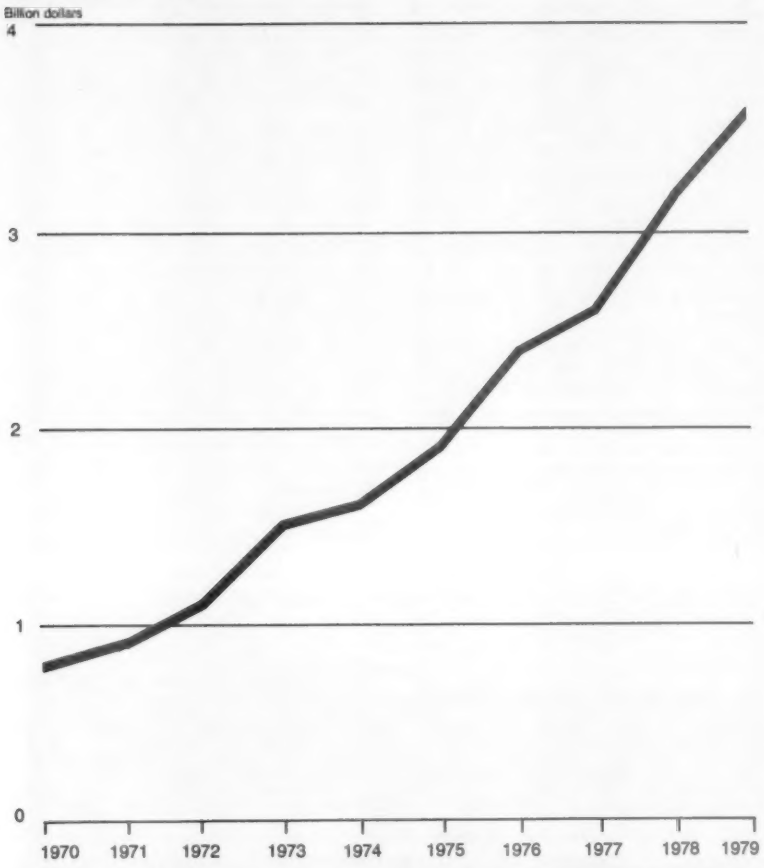
In 1979, France was the largest foreign exhibitor at the International Food Show (ANUGA) in Cologne, Germany. More than 260 French companies exhibited their products in the 3,000-square-meter French pavilion.

French tradesmen also participate in international expositions held in the French capital, such as the Paris International Agricultural Show. □

FAS Label Clearance: Entree to the Export Market

By Shelley Orenstein

U.S. Consumer Food Product Exports Calendar 1970-79



FAS Label Clearance Program, 1973-79

Item	1973	1974	1975	1976	1977	1978	1979
Labels cleared	236	143	759	238	301	290	288
Total labels sent to the field	(1)	(1)	907	495	472	601	718

[1]Not available.

Can Tocopherol and similar food additives be contained in the product you want to export to Japan . . .Sweden. . .Austria? Is a product labeled in accordance with requirements of the United Kingdom . . .Sweden. . .Brazil? Are label translations, container sizes, and other product features acceptable to the target market?

The Label Clearance Program (LCP) of the Foreign Agricultural Service can help answer these questions before an exporter invests considerable time and money in developing an overseas market. The potential return, on the other hand, could be sizable, as witnessed by the 4-1/2-fold increase in U.S. exports of processed foods since 1970.

Begun in 1973, the LCP helps exporters verify that a processed food product meets the food and labeling import regulations of a specified foreign government. Over the past 7 years, labels from more than 3,500 products have been sent to U.S. agricultural attaché posts in over 45 countries. More than 2,200 of these products have been cleared for entry into foreign markets.

This is the way one food company utilized the services of FAS to obtain "on site" information: A study indicated a potential market for the company's product. Next, a request for label clearance was made to assure foreign government acceptance of the graphics, ingredients, and other label information. After the product label was cleared, a company representative visited the country. The agricultural attaché at the U.S. Embassy set up appointments with potential distributors for the company's representatives. Eventually, distributors were selected and product marketing begun.

Another success story concerns a small company new to exporting. In the fall of 1977, the company contacted the Missouri State Department of Agriculture for information on how to export its product, a cream-style orange-juice drink. The Missouri State Department of Agriculture put this company in contact with FAS. After discussing potential markets,

The author was formerly an agricultural marketing specialist, Export Trade Services Division, Foreign Market Development, FAS.

FAS marketing specialists suggested the company first have its product labels cleared through the LCP. Next, the firm entered an FAS-sponsored trade show in the United Kingdom and also followed up on export leads published in "Export Briefs," a weekly FAS publication listing trade opportunities abroad. The company's products have since entered the Norweigien, Mexican, United Kingdom, and Venezuelan markets, and its product labels are being cleared in Singapore and Bahrain.

Rising consumerism and concerns about food additives have been reflected in increasingly stringent health laws and labeling requirements. This is especially true in developed countries, which in some cases also use such requirements as nontariff barriers.

Regulations generally are less rigid in developing nations, but there also is greater unpredictability here. A developing nation may without warning place a total ban on all products containing a certain additive in response to publicity that the additive is unsafe.

The procedure for a label clearance through FAS is as follows:

- Product labels are sent to the Export Trade Services Division (ETSD), FAS, Washington.
- Labels are reviewed to determine if FAS/Washington has the information available to clear them. (About 10 percent of the products are cleared in this way.)
- If the product cannot be cleared in Washington, the label is sent to the attaché in the specified country.
- The attaché sends the results to FAS/Washington; if the response is not positive, reasons for the product's rejection are detailed.
- The company is informed of the results in writing.

The Label Clearance Program was a free service until 1976. At that time, a fee of $5 per label per country was introduced to assure that participation in the program was limited to companies with a serious interest in expanding their export sales. However, the service is free for the products of participants in FAS-sponsored trade shows.

For more information on the program contact: Label Clearance Program, Room 4945 South Building, ETSD/FAS, N.W. Washington, D.C. 20006; Tel: (202) 447-3031 □

EC Farm Price Marathon Ends With 4.8 Percent Boost in 1980/81 Prices

By Judith A. Phillips

The European Community, in an unusually stormy attempt to reconcile divergent views on agricultural policy, has adopted a farm price package for 1980/81 that is moderate in content but again fails to stem agriculture's growing demands on the EC budget. On the average, agricultural support prices have been increased by 4.8 percent for the 1980/81 marketing year that began June 1. This is more than double the increase implemented last year, reflecting in part an accelerating inflation rate in the Community.

The 1980/81 agricultural package was agreed to on May 30 by the EC Council of Agricultural Ministers. Formal approval came on June 6 after all nine Member State Governments reached agreement on resolution of this year's budget problems.

The price decision, which is calculated in terms of the European Currency Unit (ECU), represents a middle ground between the 2.5 percent increase recommended at one stage and the 7.5 percent and more demanded by farmers' groups. It is viewed as a continuation of recent moderate price policies that resulted in a net price increase last year of only 1.5-2 percent for all commodities except dairy products (for which prices were frozen) and a 2.5-percent gain in 1978/79. This year's higher level is said to be justified by accelerating inflation, which currently is running at an annual rate of about 12 percent, compared with an average of 8.8 percent in the past 3 years.

The combination of the Council's 1980/81 price increases and additional

The author is an international economist with International Trade Policy, FAS.

Tilling a grain field on a farm in Denmark. Bumper EC harvests in the past 2 years have led to a buildup in Community grain surpluses.

sectoral measures will result in budgetary outlays for agriculture of $16.3 billion, 11 percent more than in 1979/80. About two-thirds of the total EC budget now goes toward supporting farm production and storing and disposing of surplus commodities—an increasing source of concern among groups calling for fiscal restraint in the Community.

The 1980/81 package resulted from a compromise designed to deal with pressures faced by the Council in recent months. Lagging income trends in agriculture called for price gains that would compensate farmers for rapidly increasing expenses. On the other hand, agricultural surpluses and budgetary limits called for moderation in the raising of prices.

In an attempt to strike a balance between these conflicting interests, the Council agreed to higher prices but placed greater emphasis on related measures, particularly in the dairy sector, to help curb production and cover the cost of the new increases. For instance, the new package includes an increase in the co-responsibility levy (a tax intended to discourage surplus milk production), which had been proposed and rejected last year.

Support price increases, in terms of ECU's, have been limited to 4-4.5 percent for surplus products such as milk, beef, and most grains. Prices for most other products will rise by between 5.5 and 7.5 percent.

The EC Commission, the Community body that proposes and implements EC policies, had originally proposed an average 2.5-percent increase in prices for most agricultural commodities. The Commission had hoped that a moderate price increase would help to cut costs by reducing surplus production.

Dairy products, sugar, beef, and grains are currently in surplus as a result of the EC's Common Agricultural Policy (CAP), which calls for purchases of agricultural products at set intervention prices.

Dairy. Of particular concern have been the structural surpluses resulting from support of dairy prices. The Commission had stated that the 1980/81 price increases and related measures could not be financed unless an effective and permanent solution was found for the milk problem.

Various aid schemes for disposal of dairy products have had some success over the past year. In particular, sales of nonfat dry milk (NFDM) for animal feed helped to reduce intervention stocks to about 153,000 metric tons from 444,000 in July 1979. Disposal measures for butter, including an active export policy, brought public intervention stocks down to 253,000 tons from more than 400,000 last year.

Nevertheless, milk production continues to increase, and the cost of the dairy program is excessive. Production rose by 2 percent in 1979 to a level of 102 million tons, while human consumption of milk and milk products accounted for only 82 million tons. The cost of supporting this excess production has claimed over 40 percent of total CAP expenditures since 1975 and will take about 43 percent ($7 billion) in 1980.

A 4 percent increase in the milk target price, the optimum producer price under the CAP, will not equally affect butter and NFDM. Intervention prices will rise by 2.3 percent for butter and by 4.9 percent for NFDM. While these increases are lower than for most commodities, they are significant considering that prices for the dairy sector were frozen last year and were raised by only 2 percent in 1978/79.

In light of these higher support-price increases, many EC officials felt it essential that the Council introduce measures to discourage expanded milk production, as well as provide additional funds to finance the extra cost of disposal.

The Council agreed to boost the co-responsibility levy for milk from 0.5 percent to 2 percent, thus giving producers greater responsibility for the disposal costs of over-production. This tax is calculated as 2 percent of the milk target price and will be paid on 1980/81 milk deliveries to all dairies, except those for milk produced in mountain regions. The first 60,000 kilograms of milk produced by farmers in other disadvantaged areas will be exempt from 0.5 percent of the levy. The Council also provided that the level of the tax for the 1981/82 and 1982/83 marketing years will be at least 1.5 percent.

The 2 percent levy will generate about $568 million annually for use primarily in financing dairy programs.

The use of a supplementary co-responsibility levy as an additional measure to check growth of dairy surpluses has been under examination for a year and is now a possibility. Such a supplementary levy will take effect in 1981/82 if milk deliveries in 1980/81 increase by 1.5 percent or more over those in 1979.

As another effort to reduce milk production, the Council introduced a suckler cow premium benefiting specialized beef producers using milk from their herds to feed calves. A subsidy of $28 per head will be paid for the first 15 cows to farmers producing beef as their principal activity and not delivering milk.

A special butter consumption subsidy for the United Kingdom of 30 cents per pound will be continued during the next marketing year. General butter consumption subsidies, available to other Member States and limited to 32 cents per pound, are presently being paid in Ireland, Denmark, and Luxembourg and will also be continued. The 1977 noncommercialization scheme, which granted premiums to farmers who ceased marketing of milk and milk products or who converted their dairy herds to meat production, will end on September 15, 1980.

Sugar. As a result of particularly high sugarbeet yields over the last 3 years, EC production of sugar continues to exceed human consumption. The 1979/80 crop was a record high of about 12.9 million tons, while domestic consumption totaled only 9.5 million tons. The gap between production and consumption is increasing, owing to competition from isoglucose and subsidized glucose. In addition, the Community is obligated by treaty to import 1.3 million tons annually from the preferential African, Caribbean, and Pacific (ACP) countries.

In light of excess sugar production, the Council had originally planned to limit support price increases to 4.5 percent. At the last minute, this increase was raised to 5.3 percent.

As in the dairy sector, EC sugar producers are required to take partial responsibility for the cost of supporting surpluses by paying a levy on sugar production that exceeds specified levels (production quotas). This system of quotas and levies will continue unchanged for another year. An increase in the production levy for 1980/81 had been proposed by the Commission but was not approved. However, it was agreed that if the current rate of levy proves insufficient,

the extra cost will be recovered in 1981/82 under conditions to be defined before November 1, 1980.

Beef. EC production of beef has risen by about 1.5 percent a year since the early 1970's. Over the same period, consumption has increased, by only about 1 percent a year, owing to pressure on consumers' incomes and competition from pork and poultry. In 1979, beef production was estimated at 6.8 million tons, 6 percent above 1978 levels. This increase led to a buildup in intervention stocks to about 330,000 tons early this year. The current level is down to about 200,000 tons. Community expenditures for support of this sector were about $1.7 billion in 1979.

This year, the Council has approved a limited beef-price increase of 4 percent, linked to a scheme of direct payments to specialized beef producers, those payments will help producer incomes but have no effect on retail prices. A new system of carcass classification, to be introduced at the beginning of the 1981/82 marketing year, will help to reduce unnecessary intervention purchases throughout the Community.

Grains. Community support of cereals continues to run at high levels owing to large harvests in the last 2 years. Expenditures in 1979/80 totaled $2.3 billion. However, net expenditures—market support and export refund cost, less income from levies—were close to zero.

In February 1980, intervention stocks of wheat totaled about 1.8 million tons. As a result of favored treatment received under the CAP, rye stocks also were a sizable 500,000 tons. Levels for other grains were minimal.

Price supports for Durum wheat, soft wheat, and barley will increase by 4.5 percent. Rye prices will increase by only 2.5 percent.

The Council also has approved a new system under which rye will be brought in three successive stages into the so-called "silo" mechanism, instituting a single common intervention price for all fodder cereals. The special premium for breadmaking rye is maintained at the 1979/80 level of $7.70 per ton.

The Council approved a continuation of the special premium for potato starch, which will be $28 per ton, effective August 1, 1980. The Commission had proposed that EC subsidizing of starch manufacture, in reaction to competition from synthetic petrochemical products, be abolished over a 3-year period. The proposal was not adopted, but a reduction in these subsidies was approved for 1980/81.

The import levy rebate on feedgrains imported by sea into Italy

European Community's Price Program Means Different Things to Different Countries

The European Community's 4.8-percent boost in 1980/81 farm prices serves as a common denominator for price increases in Member States that have different currencies with constantly changing values. When applied to the special conditions of each Member, however, this common price takes on an entirely different complexion, as seen in actual price support increases this year that range from 2.3 percent in West Germany to 18.5 percent in Italy.

Such variances arise because prices in terms of European Currency Units (ECU's) are translated into Member State currencies by means of special rates applicable to agriculture—the so-called green rates. Moreover, the ultimate impact on farmers is heavily influenced by inflation, which this year is ranging from a moderate annual rate of 4.5 percent in West Germany to 21.6 percent in the United Kingdom.

Green rates were first introduced in 1969, when the French franc was devalued by 11 percent, and have continued since the abandonment of fixed currency parities and the beginning of market rates of exchange for currencies on world markets.

Green rates protect producers in strong currency countries (West Germany, Belgium, Luxembourg, the Netherlands, and recently the United Kingdom), and consumers in weak currency countries (France, Italy, Ireland, and Denmark). Producers in strong currency countries would receive less and consumers in the weak would pay more, if prices denominated in ECU's were converted into Member State currencies by use of the central rates, which must reflect market conditions of

Table 1.—EC Green and Central Rates of Exchange, as of June 2, 1980

Country	Currency unit	Central rate[1]	Green rate
		ECU's/per unit of national currency	
West Germany	Deutsche mark	0.396802	0.363405
Belgium/Luxembourg	BF/L franc	.024781	.024680
Netherlands	Dutch guilder	.361377	.357921
France	French franc	.170656	.171028
Italy	100 Italian lire	.084508	.086371
United Kingdom	Pound sterling	1.657166	1.616410
Ireland	Irish pound	1.474598	1.516820
Denmark	Danish krone	.127682	.129477

[1]EC countries maintain the values of their currencies within a 2.25 percent band around declared central rates, except for Italy, which has a 6 percent band, and the United Kingdom, which remains outside the exchange rate discipline of the European Monetary System (EMS) at present. EMS central rates were last realined by the EC countries in November 1979, to reflect decreased strength of the Danish krone.

will be maintained at $8.50 per ton. This concession will be abolished by 1983/84.

Other sectors. The Council made no major changes in the CAP for other commodities. Overall price increases in the tobacco sector will be 2.5 percent, and prices for oilseed products will rise by 4 percent. Measures taken in the fruits and vegetables sector include a 10 percent reduction in premiums paid to processors who respect EC minimum import prices. Aid paid to Italian citrus producers was increased by 6 percent.

The process of obtaining final approval of the 1980/81 farm-price package proved to be a difficult task as the European Parliament, farm groups, and Member countries pressed their individual positions.

Last December, the Parliament rejected the EC's initial 1980 draft budget on the premise that it allocated too much to agriculture. This move was consistent with the Parliament's long-standing concern over rising agricultural expenditures that have nearly exhausted EC revenues from customs duties, agricultural import levies, and the remittance of 1 percent of Member States' value-added tax (VAT) collections.

The EC Commission, in turn, revised the farm price proposals to achieve a budget cut of $1.2 billion. The resulting package, with proposed price increases of 2.5 percent, was expected to be approved by the end of March 1980. However, forces opposed to the Commission's price stringency subsequently mounted an effort to have the package amended, with consequent delays in implementation.

European farm organizations denounced the proposals, labeling the 2.5 percent increase completely inadequate. Several of these groups, including the Committee of Professional Agricultural Organizations (COPA), demanded price increases of at least 7.9 percent to compensate farmers for rising expenditures. The United Kingdom's National Farmers Union felt that even 7.9 percent was insufficient, while the French Federation of Farmers' Unions pressed for increases of 10-12 percent. The EC Parliament's agricultural committee also backed higher increases.

Compounding these difficulties, the United Kingdom began pressing hard for resolution of a long-running complaint concerning its net contributions to the EC budget. This objection centered around U.K. contributions that are exceeded only by those of West Germany, even though the United Kingdom has the EC's third lowest gross national product next to Ireland and Italy.

In April, when the Commission

---

supply and demand for currency.

Overall, because green rates do not bear a market relationship to one another, as do the central rates, prices for 1980/81 in terms of national currencies will rise by an average of 5.7 percent, not 4.8 percent. Moreover, individual Member-State increases, as opposed to the overall Community increase, vary widely for the agricultural sectors of the nine economies covered by the EC's Common Agricultural Policy. These are shown in Table 2, along with the current inflation notes.

Green rates can be changed whenever the Council of Agricultural Ministers agrees to do so. Since the introduction of last year's price package, changes have been made in October, December, May, and June, so that at present none of the rates are the same as last year's. For an accurate picture of the price gains that will occur in each Member State, it is necessary to add the percent changes in these rates to the average price increase in each country (Table 2, Column C).

In Germany, farmers will actually only get a 2.3-percent price increase, instead of 3.5 percent. The strength of the mark caused an upward revaluation of the German green rate, so that this year the actual price increase will be more than 2 percent below the German inflation rate.

On the other hand, the German inflation rate is the lowest in the EC. Input costs for German farmers are rising much more slowly than in the United Kingdom and Ireland, where producers are falling behind in the face of rising costs even though their green rates have been devalued. French, Italian, and Danish producers will come out ahead in real terms when green rate devaluations are added to price increases, even though inflation rates in these countries are fairly high as well.

In fact, it can be said that green rate changes play as important a role in determining farm income in the European Community as does the increase in the annual price package.—*By Peter O. Kurz, agricultural economist, International Trade Policy, FAS.* □

Table 2.—Agricultural Price Increases in EC Member States for 1980/81 and Current Rates of Inflation

[In percent]

Country	(A) Average price increase for all commodities from 1980/81 price package	(B) Green rate revaluations since 1979/80 price program	(C) Actual price increase (A + B)	(D) Inflation rate
West Germany	3.5	-1.2	2.3	4.5
Belgium/Luxembourg	4.6	less than 1	4.6	4.7
Netherlands	4.4	less than 1	4.4	6.9
France	6.4	5.8	12.2	11.0
Italy	9.1	9.4	18.5	16.7
United Kingdom	4.7	6.0	10.7	21.6
Ireland	4.4	1.0	5.0	14.5
Denmark	4.9	8.3	13.2	10.2

submitted compromise proposals that would increase price supports by an average 4.8 percent, the United Kingdom made its approval contingent upon resolution of the budget problem. The EC Council of Foreign Ministers subsequently agreed to provide rebates to the United Kingdom over the next 2 years, thereby breaking the impasse.

EC Agricultural Prices for Selected Commodities, 1979/80 and 1980/81 Marketing Years

Product	Price category	1979/80		1980/81	
		U.S. dol./ metric ton	*ECU[1]/ metric ton*	*U.S. dol./ metric ton*	*ECU[1] metric ton*
Milk[1]	Target[2]	295.96	214.00	307.86	222.60
	Intervention[3]				
	—butter	3,941.14	2,849.70	4,032.83	2,916.00
	—skimmed milk powder	1,601.38	1,157.90	1,680.48	1,215.10
Beef and veal	Guide Price[4]	2,137.84	1,545.80	2,223.31	1,607.60
	Intervention	1,924.03	1,391.20	2,000.92	1,446.80
Sugar (white)	Target	598.29	432.60	624.98	451.90
	Intervention	568.27	410.90	593.72	429.30
Grains:					
Durum wheat	Target	383.60	277.37	407.58	294.71
	Intervention	344.53	249.12	360.04	260.33
Common wheat	Target	278.56	201.42	295.98	214.01
	Intervention	206.30	149.17	215.58	155.88
Barley	Target	252.94	182.89	268.74	194.32
	Intervention	206.30	149.17	215.58	155.88
Rye	Target	266.23	192.50	272.88	197.31
	Intervention	221.03	159.82	226.56	163.82
Maize	Target	252.94	182.89	268.74	194.32
	Intervention	206.30	149.17	215.58	155.88
Rice	Target (husked rice)	528.69	382.28	565.04	408.56
	Intervention (paddy rice)	302.30	218.58	323.57	233.96
Oilseeds:					
Colza and rapeseed	Target	503.55	364.10	535.08	386.90
	Intervention	489.03	353.60	508.53	367.70
Sunflowerseed	Target	548.50	396.60	589.57	426.30
	Intervention	532.59	385.10	553.89	400.50

[1]European Currency Unit.
[2]Target price is officially regarded optimum price producers should receive under the Common Market organization.
[3]Intervention price is level at which intervention agencies must purchase commodities offered to them.
[4]Guide price is designed to act both as a target price and as a trigger price for import control and support buying.
Source: *Green Europe Newsletter*, June 1980.

Resolution of the U.K. budget problems for the immediate future in no way solves all of the financial difficulties facing the CAP. If agricultural expenditures continue to increase at around 18 percent annually as projected, the Community's resources could be exhausted within 2 years. As it is unlikely that Member States will want to increase their VAT contributions, the EC will have to find other ways to support the CAP.

EC Member States' reaction to the final 1980/81 agricultural package were neither overwhelmingly positive nor negative. Agricultural interests contended that the 4.8 percent increase in prices was not nearly sufficient to compensate for high inflation rates and thus would cause farm prices in real terms to drop during the next marketing year. This disappointment was moderated somewhat by the knowledge that the price gain could have been even lower.

Political and consumer organizations in Germany expressed the most critical opinions on the outcome of the price negotiations. These groups noted a lack of appropriate measures to cope with the surplus situation, particularly in the dairy sector. The termination of the nonmarketing premium for milk was heavily criticized, while the increase in the co-responsibility levy was termed purely a means to obtain revenue for the EC without limiting further expansion of milk production. The Germans criticized the fact that this year's agricultural package serves to continue the EC's highly expensive system of unlimited marketing guarantees and will lead to yet another conflict over next year's price decisions. □

European Agricultural Guidance and Guarantee Fund (EAGGF) Guarantee Section Expenditure,[1] 1975-80

Year	Total expenditure		Milk		Beef		Grains		Sugar	
	U.S. dol.	*ECU[2]*	*U.S. dol.*	*ECU[2]*	*U.S. dol.*	*ECU[2]*	*U.S. dol.*	*ECU[2]*	*U.S. dol.*	*ECU[2]*
1975	6.4	4.5	1.7	1.2	1.3	0.9	0.9	0.6	0.4	0.3
1976	8.0	5.6	3.3	2.3	.9	.6	1.0	.7	.3	.2
1977	9.7	6.8	4.1	2.9	.7	.5	.9	.6	.9	.6
1978	12.4	8.7	5.7	4.0	.9	.6	1.6	1.1	1.3	.9
1979	15.1	10.6	6.7	4.7	1.0	.7	2.3	1.6	1.3	.9
1980	16.3	11.5	7.0	4.7	1.7	1.2	2.3	1.6	1.1	.8

[1]The Guarantee section of the EAGGF finances refunds on exports to nonmember countries and intervention to stabilize agricultural markets, including monetary compensatory amounts, (MCA's).
[2]European Currency Unit.
Source: *Green Europe Newsletter*, June 1980.

Shift in Dutch Shopping Favors Continued Success of U.S. Consumer-Ready Foods

By John Reddington

Consumer-ready food products from the United States have gained an expanding foothold in the large Dutch market where sales have more than doubled over the past 6 years. FAS-sponsored market development activities—such as participation in food shows in the Netherlands—have played a large role in this success.

These promotional efforts have coincided with a dramatic shift in shopping habits among Dutch consumers. The shift from small over-the-counter stores to self-service outlets bodes well for continued growth in sales of U.S. convenience foods.

The Netherlands, a country of 14 million people in an area about twice the size of New Jersey, ranked as the third largest U.S. farm market last year. U.S. agricultural exports there amounted to just over $2.6 billion in calendar 1979.

These sales were led by soybeans and products at $1.2 billion, followed by grains and grain products at $400 million.

However, a growing sector in the Dutch economy is the retail market for ready-to-eat food products. U.S. sales of these items to the Netherlands topped $100 million for the first time in calendar 1978.

This fast-growing Dutch market has seen an influx of American consumer-ready foods since 1973 when $49.7 million worth of U.S. products were imported. In just 6 years, this amount has more than doubled, rising to $119 million in 1979. The lower value of the dollar versus the guilder was a strong factor in the nearly $70-million gain by making U.S. products more attractive to Dutch consumers.

FAS market development efforts helped boost the image of U.S. products in the eyes of professional buyers in the Netherlands, who are aware that a quality product at a good price will attract customers.

Food shows sponsored by FAS or international trade fairs in the Netherlands over the past 6 years have proven to be tremendous tools in promoting U.S. food products.

The latest such trade fair was staged in Utrecht in mid-February. The biennial International Food Exhibition dates back more than 50 years and is well known throughout Europe as the ROKA Food Exhibition. Once held in Rotterdam, the show grew so large that it was moved to the Jaarbeurs Fairgrounds at Utrecht.

FAS has sponsored pavilions for U.S. merchants at the fair for a number of years. In return for a small participation fee, FAS provides for the design and installation of exhibits and the management of utilities and produce-handling throughout the show. In addition, FAS publicizes U.S. exhibits at the fair and provides trade relation services.

The food show at Utrecht this year drew more than 30,000 people in 4 days; exhibitors came from 30 countries. Some 55 American firms were represented at the USA Pavilion. At the opening, U.S. Ambassador Joseph spoke of the continued success of American products in the Dutch market and of the importance of agricultural exports on the U.S. balance of trade. Coverage by the Dutch press and radio of the Ambassador's appearance resulted in extensive favorable reporting about U.S. products before a wide range of potential consumers.

Trade fairs such as this one are by far the oldest market development technique being used today. In 400 A.D., the Romans and Greeks displayed their products at centrally located fairs in order to contact potential customers.

A major emphasis of U.S. market development in the past few years has been in the fruit and vegetable area. U.S. sales of fruits and vegetables in

The author is U.S. Agricultural Attaché, The Hague.

U.S. Ambassador Joseph (top photo) cuts ribbon to officially open the USA Pavilion at the ROKA International Food Exhibition in Utrecht. Also on hand at the opening ceremony is former U.S. Agricultural Counselor James A. Hutchins, Jr. (in background at the immediate left of the Ambassador). In bottom photo, an international panel in Amsterdam conducts a wine-tasting.

the Netherlands climbed to more than $60 million in 1979, almost double the 1973 level. In the same period, sales of U.S. wine, which were virtually nonexistent in 1973, totaled $412,000 last year.

An important ingredient in this success has been the quality of American products. This has become more apparent to Dutch consumers during a time when shopping habits have undergone a major change.

At one time, over-the-counter service was the predominant type of food shopping in the Netherlands. Of the 17,561 food outlets throughout the country in 1970, some 58 percent were counter-service operations. By 1978, that share had dropped to only 28 percent.

A pronounced shift in Dutch shopping habits has resulted in the appearance of self-service outlets, supermarkets, and discount stores. Self-service stores, which accounted for about one-third of all outlets in 1970, had a 52-percent share in 1978.

Besides the rise in self-service outlets, the number of supermarkets and discount stores also has increased substantially. Supermarkets have risen from an 8-percent share of food outlets in 1970 to 13 percent in 1978 while the share for discount stores has increased from .7 percent to 7 percent during this period.

The total number of food outlets, however, has declined about 14 percent because of consolidation and financial reasons.

With increased popularity of self-service stores and supermarkets in the Netherlands, U.S. convenience foods have a better chance of winding up in the Dutch home.

U.S. market development activities can continue to have a major impact in a market that is now ripe for U.S. consumer-ready products. □

Retail Food Outlets in The Netherlands, 1970 and 1978

Store	1970	1978
Counter service	10,121	4,202
Self service	5,767	7,901
Supermarket	1,543	1,970
Discount	130	1,017
Total outlets	17,561	15,090

International Commodity Meeting: What Goes On

By George E. Wanamaker

Each year, numerous international meetings—involving representatives from every corner of the globe—focus on the world trading of agricultural commodities. The issues under discussion are complex, the talks tedious, and obtaining a consensus is difficult. Elements of a typical meeting are found in the following article.

On an unusually chilly spring day in Rome, representatives from 56 countries met for the 14th session of the FAO Intergovernmental Group (IGG) on Oilseeds, Oils, and Fats. The Group is a deliberative body established in the mid-1960's to annually review major developments in the world oilseed sector to help developing countries in their short-term marketing arrangements and longer-term development goals.

The group consists of representatives from: Countries accredited to FAO; other countries attending at special invitation of FAO; international commodity organizations, such as the World Food Council; and specialized agencies, such as the UN Conference on Trade and Development (UNCTAD).

Generally, the Group selects its own officers for a particular meeting, with the chairmanship rotating between developed and developing countries.

The delegates assembled in the Green Room of the Food and Agriculture Organization (FAO) headquarters on April 9. Their tasks were to review: the current market situation in the oilseed sector; the outlook and policy implications of recent actions by member countries; marketing opportunities; and policy guidelines and related activities in other international fora, such as the UNCTAD, the General Agreement on Tariffs and Trade (GATT), and the United Nations Industrial Development Organization (UNIDO).

While generally content to accept an agenda prepared by the FAO Secretariat, delegates to this session were deeply disturbed by reports of a proposed tax by the European Community (EC) on imported and domestically produced vegetable oils.

The issue, a recurring one in the EC Commission, had received a critical response at an earlier meeting of the Association of Southeast Asian Nations (ASEAN) in Kuala Lumpur, Malaysia. Several concerned coconut/palm oil producing countries were determined to add the item to the agenda of the IGG session. The EC, with vivid memories of a similar confrontation in London in 1970, tried in a low key manner to discourage another such discussion at this time.

While a voting system is not employed, a clear majority favored discussion of the EC tax and the item was placed high on the agenda for early and, what proved to be, protracted discussion.

The first substantive agenda item to be discussed by the delegates was the report of the Statistical Sub-Group, which traditionally reviews production, stock, and trade data submitted by member countries of FAO and prepares a summary report. The objective of the statistical report is to identify market factors and their potential impact on trade policy and export earnings of developing countries.

The United States has been a strong supporter of the role of market review in these sessions.

The 1980 review noted a third

The author, a supervisory economist with FAS, has been the U.S. delegate to these meetings since the mid-1960's. The U.S. delegation also included representatives of the U.S. Dept. of State, the National Cotton Council, and the Institute of Edible Oils and Shortening.

consecutive record production year for the oilseed sector. Production increases were again concentrated in major exporting countries, demand was expected to fall behind supply, and excess stocks would be held in these same countries—particularly North America.

Prices in 1980 were expected to average below the 1979 level. However, prospects for decreased production in 1980/81 should tend to cushion the fall. Monetary factors, including the cost of credit, inflationary pressures, and the relative strength of the dollar will continue to influence prices of oilseeds and products.

For several years the delegates have been attempting to agree on guidelines for international cooperation in the oilseeds sector. The main purpose of the guidelines is to help harmonize national policies in the light of agreed objectives for the economy of the oilseeds sector. Acceptance of the guidelines, common in other commodity areas, would reflect the intention of member countries to take them into account when considering the formulation of policies at national and international levels.

While the delegates accepted the concept of guidelines and had agreed at an earlier session on general objectives, the specific language proved a serious problem. The EC felt strongly that support prices should continue to be set without reference to world market prices or supply conditions.

The United States, supporting the principles of free trade, was not prepared to deed to the developing countries their request for a guaranteed larger proportion of total world trade in vegetable oils or to guarantee market access on "reasonable terms" with the potential for dual pricing.

A special drafting group was established to develop a consensus before the guidelines were put to the delegates for final action.

After considerable discussion and give-and-take over details, a set of workable guidelines was formulated to serve as an overall framework within which each country would develop its own oilseed policies on a voluntary basis.

By Monday, the fifth day of the session, the EC representative nervously indicated his readiness to participate in the discussion of the EC's proposed tax on vegetable oils.

On the same day the Group of 77—representing the developing countries bloc—hosted a luncheon designed to orchestrate a strong drive to place the meeting on record as firmly opposed to the Community tax proposal.

Later, the Philippine delegate in taking the floor to introduce his agenda item noted the proposed EC tax had created alarm among vegetable oil producing and exporting countries, threatened the income of one-third of his country's population, and one-fourth the country's foreign exchange earnings. He pointed out the EC action was contrary to the guidelines, approved at this meeting.

He concluded by appealing to the EC to forget the idea of imposing such a tax and to consider instead other means of financing its Common Agricultural Policy (CAP).

The EC observer pointed out that the EC Commission had not made any proposal on the EC tax and this alone precluded the Council's taking it up. However, he noted that the Commission was disturbed by the lack of consistency between the EC dairy and vegetable oil sectors, and that the tax issue would be reviewed further within the context of the accession of Spain to the Community.

Most delegates expressed strong support for the Philippine view. Exporters noted the EC role as the major oilseed import region of the world. They suggested EC structural imbalance in the olive oil and dairy sectors should not be passed on to third countries, but should be resolved within their sectors.

In addition to the Philippines, those opposing the EC tax were Colombia, Indonesia, Argentina, Thailand, Sierre Leone, Zambia, Yugoslavia, Peru, Cuba, representatives of the African Groundnut Council and the Asian Pacific Coconut Community, and the United States. The U.K. delegate commented that the Group's discussion had been useful and would be a factor in future deliberations by the EC Commission.

The delegates showed little interest in two documents prepared by the FAO Secretariat dealing with progress in the Multilateral Trade Negotiations (MTN) and steps for the promotion of trade among developing countries. Concern over high duties on processed items has been a subject of frequent criticism by developing countries.

The key points in the documents on expanding trade among developing countries stressed the advantages of long-term supply contracts and state trading.

The 14th session concluded its work on April 15 following the formal approval of the market evaluation of the Statistical Sub-Group, and the substantive report of the session.

These IGG sessions have proved to be a useful vechicle for:

- Focusing on the need for greater trade liberalization;
- Improving exchange earnings of the developing countries; and
- Restraining national policy decisions that would have an adverse impact on the oilseed sector. □

Delegates, assembled in FAO's Green Room, discuss developments in world oilseed sector.

Fruits and Vegetables Ease Upward Price Trend

Seasonal declines in retail prices for many fruits and vegatables in 17 world capitals during May/June failed to offset continuing advances in prices for other food products. Price increases for 21 selected foods between May 6 and July 8 far outnumbered decreases. Relatively few prices remained unchanged during the period.

Highlights from FAS posts in selected capitals follow:

Bern. Prices of all domestic meats except sirloin showing upward tendency. U.S. beef offered at $19.66 per kilogram for entrecote and $15.99 for T-bone. Whole Hungarian broilers on the market going for $2.95 per kilogram. Shoulder of lamb from New Zealand at $7.38 per kilogram.

Prices of some fruits and vegetables, down, with better summer supplies of such vegetables as tomatoes. Others, protected by Government import policies and now between harvests—such as apples—are up sharply.

Bonn. Led by beef and pork, prices generally up substantially. Only vegetables—beginning to be available from current harvest—much lower. Coffee and broiler prices backed off somewhat from earlier increases.

Brasilia. Effective June 1, consumer price for coffee raised from $2.34 per kilogram to $2.90. Current low-slaughter period causing a 15 percent rise in beef prices.

A new plant opened near Brasilia will produce soy milk. President Figueiredo credits this "mechanical cow" with tremendous potential to meet the milk shortage. In early July the Government launched dry soy milk (14 percent natural milk, 86 percent soy produce) in northeast Brazil.

Brussels. Sirloin steak prices up 1.8 percent to record high, but prices for lower cuts unchanged. Retail fresh pork prices declined further by 4-6 percent, reflecting overproduction plus lower seasonal demand. Domestic broiler prices up 8 percent to record high because of strong export demand, mainly from the USSR and Middle East.

Tomato prices dropped 63 percent to point 17 percent below year-earlier prices. Apples up 21 percent to unusually high levels. Retail prices of oranges higher by 15 percent as marketing season for Spanish and Israeli products ends. Sunkist currently dominating the market.

Buenos Aires. Prices of onions, potatoes, eggs, and broilers lower than in May, primarily because of adequate domestic supplies. Higher prices of other items reflect increase in cost of living during past 2 months. Bread significantly above the cost-of-living gain.

Canberra. Retail beef and lamb prices stable, despite higher saleyard prices for young cattle suitable for domestic market. Pork in fairly heavy supply, and prices have moved steadily downward in recent weeks.

Fruit and vegetable prices also seasonally high, although salad items have eased in recent weeks as supplies picked up. Large navel supplies have sharply depressed orange prices.

Copenhagen. Value-added tax (VAT) increased June 28 from 20.25 to 22 percent. VAT is applied at full rate for all food items except certain milk products, and increase is reflected in prices. Beef and pork prices also show considerable increase in producer prices. Fresh produce reflects seasonal trends, with price declines for home-grown tomatoes and potatoes and increases for imported apples after end of domestic product marketing.

London. Meat prices, particularly beef, have soared since May, but reductions should occur soon as more animals are finished. Broiler prices also up. Peak summer supplies of salad vegetable now on, with tomatoes considerably cheaper than 2 months ago.

Southern Hemisphere apple season now at peak, but with fewer 1979 crop Northern Hemisphere apples now available, prices higher than in May. Heavy imports of potatoes recently have depressed price of home-grown earlies.

Madrid. Retail prices rose moderately for only a few products, such as pork chops, roasts, onions, tomatoes, and coffee. Prices remained steady for sugar, rice, bread, milk, cheese, and poultry. Increased supplies caused big price slumps in bacon (down 31 percent), margarine (down 13 percent), and potatoes (off over 80 percent).

Mexico City. Prices up for sirloin, pork roast, bacon, butter, eggs, margarine, oranges, tomatoes, bread, rice, and coffee. Ceiling price for refined sugar raised in June, partially

Food prices of selected commodities are obtained by U.S. agricultural counselors and attaches on the first Tuesday of every other month. Local currency prices are converted to U.S. prices on the basis of exchange rates on the date of compilation. Thus, shifts in exchange rates directly affect comparisons between time periods.

The objective of the survey is to reflect the level of prices in other countries of items normally purchased by U.S. consumers. Exact comparisons are not always possible, since quality and availability vary greatly among countries. An attempt is made to maintain consistency in the items and outlets sampled, but they are not necessarily representative of those in the reporting countries.

to offset the substantial Government subsidy to the industry. Prices dropped for chuck roast, pork chops, broilers, cheese, vegetable oil, onions, and potatoes because of expanded supplies and seasonal factors.

Price for milk (officially controlled) remained unchanged. Apples not on retail stands, owing to smaller crops in main producing states, particularly Chihuahua.

Ottawa. Beef prices up slightly because of summer barbecue demand. Effects of possible higher slaughter, owing to drought, apparently not yet reflected in retail prices. Fresh fruits and vegetables in abundant supply at very reasonable prices.

Rome. Dairy prices up remarkably, owing largely to the green lira devaluation in May and consequent higher cost of imported cheeses and butter. After last month's increases, prices of beef, pork, and pork products generally stable. No sharp price variations for broilers, eggs, margarine, or vegetable oil.

Because of declining domestic supplies of old-crop apples and oranges, prices rose further—a trend that could end soon with domestic supplies coming into the market.

Stockholm. With Dutch tomatoes in good supply, prices dropped by almost half below those of previous 4 months. Prices of fresh, new domestic potatoes down sharply—the only kind available except Idaho baking potatoes, almost three times as expensive. Prices generally do not yet reflect new Government actions.

As a result of the recently concluded bi-annual Agricultural Cost Compensation Agreement and of an

Continued on page 32

FAS Survey of Retail Food Prices in Selected World Capitals,[1] July 1, 1980

[In U.S. dollars per kg[2], or units as indicated, converted at current exchange rates]

Item	Bern	Bonn	Brasilia	Brussels	Buenos Aires	Canberra	Copenhagen	London	Madrid	Mexico City	Ottawa	Rome	Stockholm	The Hague	Tokyo	Wash. D.C.	Median
Steak, sirloin, boneless	19.14	14.78	3.22	13.74	6.64	8.53	19.51	14.48	8.43	4.17	7.47	11.20	7.01	13.30	34.29	8.31	9.86
Roast, chuck, boneless	9.26	9.05	2.95	7.49	6.10	5.32	12.04	6.78	6.33	3.94	4.65	10.61	9.80	7.78	23.62	5.49	7.13
Pork chops	9.88	7.74	3.47	5.64	6.21	5.07	8.74	5.74	4.44	3.65	2.70	6.49	7.96	7.22	8.50	4.50	5.97
Roast, pork boneless	14.82	7.21	4.46	5.86	8.51	4.04	7.32	4.68	7.46	4.61	3.40	7.08	14.19	8.26	8.65	3.28	7.14
Bacon, sliced, pkgd.	6.48	9.78	[3]	5.79	8.69	8.89	8.55	8.12	5.96	3.99	2.70	5.82	8.98	11.82	9.07	3.06	8.12
Broilers, whole	3.21	2.66	1.33	3.73	3.19	2.57	3.45	2.64	1.60	2.15	2.00	3.07	4.79	2.45	3.77	1.08	2.65
Eggs, dozen	2.41	1.63	.54	1.38	1.84	1.51	2.23	1.79	1.08	.74	.97	1.65	2.33	1.28	1.03	.72	1.44
Butter	8.80	5.15	3.40	5.33	7.02	2.57	4.50	4.16	7.33	4.82	3.18	5.68	4.18	4.80	6.36	4.67	4.81
Margarine	3.21	1.81	1.26	2.56	5.35	2.35	2.32	2.55	3.31	2.40	2.54	2.18	3.35	1.60	2.51	2.18	2.45
Cheese, Cheddar	8.71	6.23	7.10	7.46	10.80	3.69	6.80	5.01	8.22	8.68	5.37	6.25	6.17	8.26	5.33	6.04	6.52
Milk, whole, liter	.83	.58	.37	.66	1.23	.52	.66	.66	.53	.38	.60	.65	.59	.54	.96	1.41	.62
Oil, cooking, liter	2.22	2.24	.79	1.74	3.40	2.21	2.88	2.01	1.45	1.31	1.91	1.11	5.33	1.38	2.06	4.78	2.03
Tomatoes	1.36	1.20	.58	1.21	3.24	1.03	4.10	1.77	.95	1.04	1.69	1.42	2.99	.65	2.13	1.30	1.33
Onions, yellow	1.24	1.28	1.38	.92	.90	.60	2.17	1.30	.54	.24	.80	.71	2.04	1.03	.88	.86	.91
Potatoes	.59	.39	.80	.28	.54	.42	.89	.47	.20	.38	.31	.41	1.20	.16	1.65	.79	.44
Apples	1.79	2.49	1.93	1.46	1.62	1.39	3.21	1.98	1.14	[3]	1.51	1.18	2.30	1.35	3.02	1.63	1.63
Oranges	1.67	1.13	.18	1.10	1.51	.53	1.83	1.20	1.36	.36	.77	1.77	1.58	.86	1.80	1.26	1.23
Bread, white, pkgd.	2.10	.82	.89	1.21	2.16	1.16	2.49	1.09	.95	.72	.95	1.89	2.53	.75	1.86	1.43	1.18
Rice	1.17	1.52	.39	1.24	1.94	.87	1.87	1.42	1.25	.82	1.90	1.11	1.68	1.03	1.49	.84	1.24
Sugar	.83	.91	.39	1.17	1.39	.56	[3]	.83	.68	.59	1.17	.93	1.18	.91	1.27	1.21	.91
Coffee	8.89	10.72	2.93	9.12	11.34	12.87	10.92	11.67	7.64	4.59	8.99	9.37	9.00	7.43	14.85	6.37	9.06

[1]A report from Paris was unavailable at press time. [2]1 kilogram=2.2046 pounds; 1 liter=1.0567 quart. [3]Unavailable.

Brazil's Domestic Soybean Needs Get First Call On Record 1980 Harvest

By Shackford Pitcher

Brazil is giving first call on its record 15.2-million-ton (estimated) 1980 soybean crop to the expanding requirements of its domestic soybean meal and oil users, and to rebuilding its depleted stocks of soybean products.

Although faced with a high rate of inflation and the need for larger export earnings to help meet the rising cost of imported petroleum, Brazil evidently has decided that meeting the needs of domestic users of soybeans and soybean products is to take priority over any drive to maximize export earnings.

Harvesting of the bumper crop was largely completed in June, and marketing was in full swing as of mid-July.

Because Brazil's soybean crushing capacity exceeds the size of the crop, exports of meal and oil will take precedence over exports of beans. To provide sufficient stocks of soybeans to keep crushing facilities operating at an efficient level, Brazil probably will import 200,000-300,000 tons of beans from Paraguay, which also harvested a record large crop this year.

Owing to last year's disappointing crop of 10.2 million tons and heavy exports of soybean products during April-August 1979, Brazil was virtually out of the soybean export market for the 6 months prior to April 1980.

The shortfall in export availabilities was even more pronounced for soybean oil, for which Brazil is the world's second largest (after the United States) exporter. Not only did Brazil's oil exports completely cease after September 1979, but Brazil was forced to import about 110,000 tons of soybean oil—mostly from the United States—to supplement short domestic supplies.

As of June 22, Brazil's soybean meal exports from the 1980 crop totaled 2.3 million tons—14 percent above the year-earlier level. Brazil's marketing year begins March 1, and normally the bulk of soybean meal exports moves during April-August—prior to the marketing of the U.S. crop, which is harvested in the fall.

Brazil is expected to export 7.25 million tons of soybean meal this season—about 6 percent more than estimated U.S. exports during October 1979-September 1980.

Brazil employs a system of export quotas to regulate export shipments and thus assure adequate domestic supplies at all times. CACEX—the foreign-trade department of the Bank of Brazil—is responsible for administering export quotas.

The soybean meal export quota recently was increased by 500,000 tons to 5,725,000 tons, but is still below estimated export availabilities. Brazil's meal exports traditionally go to Europe, with European Community (EC) countries usually taking about two-thirds of the total.

The Soviet Union in 1979 began importing soybean meal from any source for the first time, but has not—based on available trade data—taken any Brazilian soybean meal during January-May 1980. Major destinations for Brazilian meal in Eastern Europe have been Poland, Yugoslavia, Hungary, and Czechoslovakia.

Brazil's soybean oil exports during the current marketing year totaled 183,900 tons through June 22. Iran has been the major destination, taking nearly 70,000 tons by mid-May, followed by some 30,000 tons to the Soviet Union and 20,000 tons to India. According to trade reports, Brazil by June 15 had sold at least 80,000 tons of soybean oil to the Soviets, and another 80,000 tons to Iran.

Negotiations were underway with India in June for the sale of about 240,000 tons of soybean oil for delivery over the next 12 months.

In late June, CACEX released a 100,000-ton quota of soybean oil for export starting in October 1980, bringing the export oil quota for the marketing year to 520,000 tons.

During the 1974/75 season, Brazil's soybean exports reached a peak of 3.5 million tons, compared with about 640,000 tons last season. In recent years, a combination of Government measures has favored the export of soybean products over soybeans.

For the current marketing year, CACEX has set an export quota of 1.5 million tons of soybeans. As of mid-June, export registrations against this quota totaled about 600,000 tons.

In addition to the export quotas, which are divided by originating state for soybeans and among different types of firms for meal and oil, Brazil's export policy this year also combines fiscal measures such as the export taxes that were promulgated after last year's sharp devaluation of the cruzeiro and the application of the domestic value-added tax (ICM) to export shipments.

The export taxes, which were removed in April, were partially responsible for delaying marketings of soybean products early in the season because of uncertainty over their continued application. Also, the delay in the start of the soybean harvest this season because of heavy rains in late February was responsible for Brazil's absence as a factor in the export market for several weeks, when export movements normally would have been much larger.

Early in the season, the Government was concerned over domestic supplies of meal and particularly oil. As a result, export quotas on oil are being parceled out carefully, and domestic stocks have increased substantially to the point where crushers reportedly have had to reduce their level of operations at times because of the lack of oil storage capacity.

On July 1, an 8 percent ICM tax on exports of soybean oil became effective, bringing the entire soybean complex under the ICM tax on exports. Soybeans were already subject to a 13 percent ICM tax, and soybean meal to an 11.1 percent rate. □

The author is an agricultural economist with the Oilseeds and Products Division, Commodity Programs, FAS.

FACT FILE

USDA's Technical Assistance and Training Programs

The U.S. Department of Agriculture, as the largest single source of agricultural expertise in the world, plays a key role in the U.S. effort to help developing countries become more self-reliant in producing food and fiber. USDA has been providing technical assistance and training in agriculture for more than four decades, starting with several projects in Latin America in the late 1930's aimed at increasing production of strategic and complementary crops of particular value in wartime.

The primary funding source for USDA's technical assistance and training programs for developing countries is the U.S. Agency for International Development (AID). Other organizations concerned with food and agriculture in developing nations—such as the international development banks, the Food and Agriculture Organization of the United Nations, the Organization of American States, and individual country governments—can also contract for USDA technical resources and services on a reimbursable basis.

A Coordinated Approach to Assistance

The Office of International Cooperation and Development (OICD) is the coordinating body for USDA's foreign development activities—and handles the placement of all USDA scientists and technicians abroad. Last year, 10 USDA agencies supplied experts for development projects overseas. OICD also draws on the expertise from the agricultural colleges of land-grant universities. In 1974, USDA and these universities formed the International Science and Education Council (ISEC) to deal with the increasing demand for technical assistance and training in agriculture and to coordinate USDA and university programs and personnel more effectively. USDA also has formal agreements, which are administered by OICD, with several university consortia to help implement joint technical assistance and training programs abroad.

Need for Technical Assistance Growing

In fiscal 1979, USDA participated in roughly 150 technical assistance projects overseas involving 800 USDA and university scientists working in 57 foreign countries. The personnel total represented an increase of nearly a third from the year before. The USDA projects ranged in size and scope from one to 10 individuals for 1-week assignments to resident assignments lasting 2 or more years. The role of the scientists assigned to these projects varied considerably, ranging from designing projects, complete or partial staffing of projects, evaluation of results achieved, and, in some instances, continuing monitoring.

The Scope of Assistance Programs

As developing nations mature, their requests for technical assistance move from basic production needs to more complex forms. Last year saw a marked increase in requests for help with economic analysis and long-range planning, remote sensing, and identification of resource capabilities for the production of crops, fibers, and animals. Types of technical assistance projects which have been coordinated by OICD in recent years include:

Animal and plant disease research. USDA scientists have helped a number of countries in Africa and Latin America with programs to control and/or eradicate animal and plant diseases, particularly African swine fever. In the Dominican Republic and Haiti, outbreaks of African swine fever, which rapidly debilitate the hog population, were effectively attacked by USDA scientists working in cooperation with members of the U.N.'s Food and Agriculture Organization. By controlling this virulent disease abroad, USDA scientists also helped lessen the likelihood of its spreading to the United States, where it could mean an $8-billion loss.

Planning, crop production, and range and livestock management. A typical example of this type of project is a program OICD is conducting—in cooperation with Colorado State University—with the Botswana Ministry of Agriculture. Over the past year, substantial progress has been made in developing a statistical forecasting unit that will allow the Botswana Government to accurately forecast crop yields and animal numbers for the first time. This information is a linchpin in the whole planning concept for Botswana's agricultural economy.

The Botswana project also involved varietal crop screening, and new feedgrain varieties are now being

passed along to farmers for their use in boosting yields. Help was also given in organizing cooperatives for livestock producers so they could obtain supplies of agricultural goods and services at lower prices and market their animals through outlets where they received better returns.

Sector assessment studies. Under sector assessment studies, all components of a country's agricultural economy are analyzed to identify constraints to increased production and more efficient distribution of agricultural products. In the past year, OICD carried out a sector assessment analysis for the Government of Syria to be used in formulating the goals for agriculture in the country's next 5-year plan.

The analysis provided the Syrian Government with a basis for agricultural production based on comparative advantages, and the development of an efficient and effective marketing and distribution system to move food and fiber from farms to consumers and into appropriate export markets. In addition, the study proposed agricultural policies which the Syrian Government could follow to create greater incentives for boosting agricultural output. The basic analysis was carried out by OICD personnel with assistance from the U.S. university community.

Assistance for non-AID countries

USDA also provides technical assistance on a fully reimbursable basis to countries which have developed beyond the point where they qualify for economic aid. The largest non-AID program currently in operation is with Saudi Arabia, but projects have also been carried out in Argentina, Venezuela, and Colombia in the past year.

Under a joint agreement between the United States and Saudi Arabia signed in 1975, some 30 U.S. agricultural experts have been stationed in the country to carry out technical assistance and training. In addition to these resident assignees, OICD also arranged for many short-term teams to work with the Saudi Ministry of Agriculture. The scope of the projects included mapping and classifying soil types; identifying crops best suited for particular areas of the country; mapping, locating, and measuring of surface and underground water resources; and the development of a trained cadre of Saudi nationals who can take over the work when the Americans leave.

In a recent meeting in Jidda, the progress made in developing and modernizing Saudi agriculture was singled out for praise by Saudi Arabian officials. They requested a 50-percent increase in the staffing of USDA agricultural scientists and provided the necessary funds to pay for this increase.

Training Requests From Many Sources

The training activities coordinated and conducted by OICD are in response to a steadily growing demand for increased skills in agriculture and related sciences. In the past, most of these programs have been sponsored by AID, but today OICD is also providing training services under the auspices of the World Bank, United Nations, and international centers. Increasingly, the groups are asking for training courses to be held outside the United States and in languages other than English. For example, in fiscal year 1979, OICD conducted seven courses overseas in four languages—English, Spanish, French, and Arabic.

During fiscal 1979 OICD designed and monitored training programs in the United States for approximately 1,600 foreign participants. Roughly half of these students were sponsored by AID, a fourth by the Food and Agriculture Organization, and a fourth by foundations, foreign governments, or some other entity. The training included designing and monitoring 630 academic degree programs, conducting or coordinating 42 technical courses in the United States or abroad for 673 participants, and designing and implementing 550 specialized programs emphasizing skills development, on-the-job training, and personal observation. Examples of such specialized courses are: 2 months of observation and work in U.S. farm credit agencies; 1 month of consultation and observation of soybean processing industries; and 6 months of research, study, and observation at an agricultural experiment station.

The range and detail of such specialized programs are almost as broad as the number of programs designed. While the first emphasis is placed upon the work of USDA agencies and land-grant universities, help with training is also obtained from farm organizations, farmer cooperatives, and private businesses. A number of these specialized programs were requested by AID in conjunction with and following a trainee's participation in one of the organized USDA courses. Roughly half the students in OICD's training programs came from Africa, a fourth from the Far East, a sixth from the Near East and South Asia, and a tenth from Latin America.

Types of Training Offered

Training in production agriculture comprises the largest part of the requests. However, there has also been marked growth in recent years in requests for courses in administration, management, and planning. OICD's staff, at the request of AID and foreign governments, is becoming increasingly involved in the assessment of the agricultural training needs of various countries and in the design of training projects which can be carried out by the foreign countries themselves.

This work is done by either AID-sponsored teams in the foreign country or through the Development Project Management Center, an AID-sponsored training unit located within OICD. The Center is designed to provide a highly flexible approach to the assessment of training needs, the design of training strategies, and the establishment of a capacity within other countries to undertake their own training projects. Countries where work has been done include Jamaica, Tanzania, Chad, Mauritania, and much of the Sahel region.

China

Importing More U.S. Wheat

Boosted by the purchase of nearly 1 million tons of U.S. wheat in less than 2 weeks, China's wheat contracts from all sources for the 1980/81 marketing year (July-June) exceeded 5.3 million metric tons through July 25. China's wheat imports so far this year include nearly 3.8 million tons from the United States, a level well beyond the estimated 1.6 million tons of U.S. wheat imported in 1979/80.

The flurry of wheat purchases apparently is aimed at meeting China's wheat requirements for the first half of 1981 based on the country's gradual increases in demand for wheat and the projected poorer winter wheat crop. The People's Republic of China (PRC) is likely to buy more wheat during 1980/81 than the 8.5 million tons currently estimated for 1979/80.

However, a good domestic rice and coarse grain production this year could partially substitute for wheat, resulting in a slower rate of purchases for the second half of 1981.

Through May 26, China had contracted for 1.5 million tons of U.S. wheat—mainly for delivery by late 1980. Between May 27 and June 6, the PRC contracted for an additional 930,000 tons from the United States, of which 100,000 tons are optional origin. These latter purchases were for delivery June-October 1980.

In addition to wheat purchases from the United States, China also negotiated a 1.4-million-ton contract with Canada under the Sino-Canadian 3-year wheat agreement. Because the latest contract covers only the first 6 months of the second agreement year, it is likely that the amount of wheat imported from Canada will be larger.

The agreement calls for the shipment of 8.5-10.5 million tons of Canadian wheat over a 3-year period that began in August 1979.

Last year, China's 2-million-ton contract was considerably lower than the range indicated by the agreement, most likely as a result of logistical problems in Canada and China's second consecutive bumper crop.

The PRC and Australia have not yet agreed on a specific contract for the final year of their 3-year agreement. However, the two countries have already announced that the agreement—calling for 7.5 million tons over 3 years—will be renewed for at least the same amount when the current one expires in November 1981.

Because the Sino-Australian agreement is on a December/November year (Australia's marketing year) and because the latest contract for 1.5 million tons covered shipments only through July 1980, in the coming months China may make additional purchases of Australian wheat against the second agreement year.

Of China's current 1980/81 wheat contracts, all but about 600,000 tons is for delivery before December 1980.

Currently, the 1980/81 imports are estimated at around 11 million tons. The PRC appears to be waiting until prospects for its 1980 rice and autumn grain crops are clearer before reassessing its 1980/81 grain import requirements and contracting for 1981 deliveries.

Of China's 1979/80 (July-June) estimated wheat imports, the U.S. share was approximately 2.1 million tons—about 20 percent less than the 1978/79 shipments. Purchases of U.S. coarse grains, estimated at 1.9 million tons, again constituted about 90 percent of the PRC's total 1979/80 imports of 2.1 million tons, about the same share as in 1978/79.

On the production side, China's 1980 wheat crop is estimated at 57.5 million tons. Last year's record was 60.5 million tons.

The combination of the prospective reduced wheat harvest, very favorable world prices, and an increasing emphasis on wheat consumption has contributed to China's recent activity on the world wheat market.—*Based on reports from Carolyn L. Whitton and Francis C. Tuan of ESCS and Cina Radler of FAS.* □

China's Minister of Agriculture Huo Shilian meets with U.S. Secretary of Agriculture Bob Bergland during his visit to the United States July 5-22. Huo observed the U.S. farm sector in six states.

Brazil

Total Grain Supplies Likely To Reach Record High in 1980

Although Brazil's 1979 wheat harvest (Sept.-Dec.) of 2.9 million metric tons fell far short of the Government's early forecast of 4.5 million tons, this year's corn and rice outturns probably will reach peak levels, pushing the country's total grain availabilities to a record high.

Good growing weather and improved seed are major factors in this year's anticipated bumper corn harvest of 19.7 million tons, up from 16.3 million tons in 1979.

The 1980 rice outturn is now projected at 9.7 million tons—largely because of improved yields and expanded area—compared with 7.6 million tons last year.

Wheat. Because of the short 1979 wheat harvest, Brazil's wheat imports this year are projected at a record 4.6 million tons valued at the equivalent of $800 million (f.o.b.), up from 1979's estimated 3.78 million tons valued at $612 million.

As of early April, Brazil had already contracted for 2.06 million tons of wheat for January-June deliveries. Of this total, 1.3 million tons (mainly Hard Red Winter No. 2) was purchased from the United States, and the rest from Argentina.

Canada—likely to be Brazil's largest wheat supplier this year—signed an agreement in January to ship about 2 million tons to Brazil during calendar 1980. If Brazil's total wheat imports reach 4.6 million tons, the projected major shares are 44 percent for Canada, 39 percent for the United States, and 17 percent for Argentina. The U.S. share would be well below the 50 percent share held during most of the 1970's.

Disappointment over the relatively small 1979 wheat crop was particularly keen, since Brazilian wheat producers, spurred by the higher guaranteed purchase price set by the Wheat Marketing Agency of the Bank of Brazil (CTRIN) and good yields in 1978, had increased plantings about 40 percent.

Area planted to wheat in Rio Grande do Sul, for example, jumped from 1.2 million hectares in 1978 to about 2 million in 1979. However, adverse weather held yields to very low levels—750 kilograms per hectare nationally and only 486 kilograms in Rio Grande do Sul.

Corn. The bumper corn crop projected for this year could open the door to export opportunities. Shipments of Brazilian corn to the Soviet Union, for example, would be attractive to Brazil for several reasons:

- Foreign-exchange earnings. Brazil is in serious need of foreign exchange because of its balance-of-payments problems. The export of 500,000-1 million tons of corn to the Soviets—particularly at above-market prices—would help the Government achieve its 1980 export goal of $20 billion.
- Expansion of exports to nontraditional markets. The current situation presents such a market opportunity for corn as well as soybeans.
- Lack of adequate storage. If the record total grain crop (including oilseeds) materializes, storage facilities may fall short of requirements by several million tons. As a result, some believe it would be better to export now and—if necessary—to import corn later.

The volume of Brazil's corn exports this year will depend on the Government's stocks policy as well as on the production level. Assuming a 1980 crop of 19.7 million tons plus 400,000 tons of carry-in stocks, total exports could range from 500,000 to 1.2 million tons. A larger harvest would permit both higher exports and higher stocks.

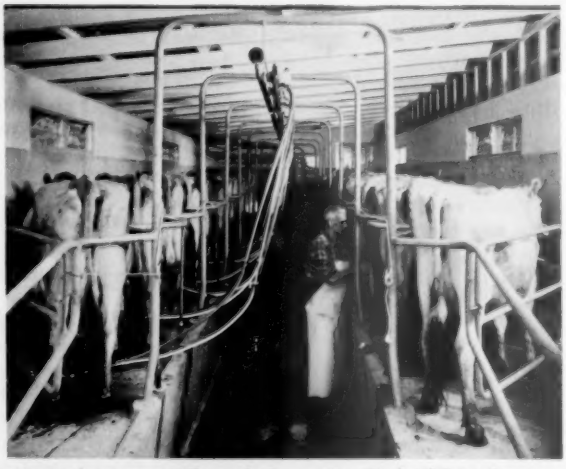
Rice. With a good 1980 rice crop fairly well assured, Brazil will not need to import rice in 1980/81, as it did in 1978 and 1979. The decision confronting the Government is whether to rebuild stocks, export surplus rice, or both. The most likely of these options appears to be replenishing of stocks. Three major factors are involved in the rationale for building stocks and forgoing exports.

- The current levels of ocean shipping rates make Brazilian rice uncompetitive in many foreign markets.
- The storability of rice

New Zealand

Cheese Output and Exports Still Rising, Other Products Fall Off

New Zealand's farmers set a milk production record in the 1979/80 dairy season of 6.8 million metric tons, 90 percent of which was processed into dairy product. Production of butter and nonfat dry milk (NFDM) is giving way to larger cheese production as



Herringbone type milking shed on a New Zealand dairy farm. This arrangement facilitates milking of large numbers of animals.

makes it technically feasible to build rice stocks.

• Stocks at the start of the marketing year (Apr. 1) were down to only 560,000 tons—less than 1 month's consumption. The building of relatively large stocks would preclude the need to import rice during the next 18 months.

Total domestic disappearance for 1980/81 (Apr.-Mar.) is projected at 8.75 million tons, up 3.6 percent from the year-earlier level. The growth in Brazilian rice consumption reflects, in large part, population growth.

Per capita consumption in 1980 is projected at about 47 kilograms (milled). High retail prices, rice scarcity during the past 2 years, and the continued subsidization of wheat products have somewhat dampened growth in per capita consumption.

Even though the prospect of plentiful rice supplies in 1980/81 may encourage consumption, potential growth will be inhibited somewhat by the relative cheapness of wheat products.

Consumption of rice for feed this year is likely to reach a level of only about 50,000 tons because of the increased availability of corn.—*Based on report from G. Stanley Brown, U.S. Agricultural Attaché, Brasilia.* □

Brazilian cooperative technician inspecting wheat of a co-op member in a field near Ijui, Rio Grande do Sul.

both cheese exports and domestic consumption grow. Output and exports of butter and NFDM, generally are trending downward.

More than 6.1 million tons of the 1979/80 milk outturn—reached despite a 2,000-head drop in the size of the dairy herd—were processed into 105,000 tons of cheese, 225,000 tons of butter, 180,000 tons of NFDM, and 64,000 tons of casein. The rest was used in feed.

Largely responsible for the milk record were excellent pasture-growth conditions that continued throughout the summer and autumn of 1979, assisted by mild weather and regular and adequate rainfall. As a consequence, the current season's milk outturn escaped the effects of summer droughts normally experienced in some dairy regions. The 1979/80 production was 6.7 percent above that of the 1978/79 season, which also was an excellent production year (6.36 million tons).

Stock health is reportedly excellent, but even though dairy herd size is still forecast at 2.023 million head for 1980/81—the same as in the previous season—milk production is forecast at just 6.4 million tons, a drop of 6 percent from the record.

Cheese is the only dairy product expected to increase in volume in 1980/81, continuing its earlier growth. Butter and NFDM are expected to continue their downtreads. For 1980/81, cheese production is forecast at 110,000 tons—up 5,000 tons—while butter and NFDM are each projected to fall 5,000 tons from their 1979/80 levels. Casein is seen dropping 1,000 tons.

The New Zealand dairy industry is trying in many ways to increase production and consumption of dairy products. Television advertising helped to double domestic cheese consumption in the past 6 years, and use is expected to reach an estimated 30,000 tons in 1980/81, representing 2½ percent of production.

More cheese will soon be available for the domestic and export markets when construction of two processing plants—one of 10,000-ton capacity—is completed. New Zealand is also expected to produce Camembert cheese in some quantity after July 1980.

New Zealand whey will be used as the raw material in a $NZ3 million alcohol plant, expected to supply some 60 percent of New Zealand's industrial alcohol requirements. Plant construction was expected to get underway in August 1980.

A new product called Solac (soluble lactalbumin) will go into commercial production soon. Developed by the Dairy Research Institute, the product is expected to fill a ready demand by the catering trade.

Much of New Zealand's cheese moves to Australia, which has established a duty-free quota of 1,220 tons for Cheddar, provided New Zealand's prices do not undercut Australia's. Australia is trying to regulate such imports for 2 years but the move is meeting with opposition from New Zealand. At the same time, a 5-year trade arrangement with Iraq to supply 12,000 tons of dairy products, probably including cheese, could bring New Zealand as much as $NZ15 million a year.

New Zealand butter is facing problems in the European Community because the high subsidy paid to EC dairy producers has resulted in large butter stocks that have depressed sales of New Zealand butter in the Community. Large quantities of this EC butter are marketed within the EC—particularly in the United Kingdom, one of New Zealand's important markets—where it is sold in direct competition with New Zealand butter.

Furthermore, butter use is tapering off in the United Kingdom because of the growing popularity of margarine and artificially high butter prices negotiated by the EC. It is estimated that without EC intervention payments for butter the New Zealand product could be sold for one-third less than at present.

New Zealand butter also was unable to compete with

the EC-produced product in 1979 because of the producer subsidy. When the EC adjusted its import levy for New Zealand butter, sales fell off but have since recovered. Although unable to meet its export quota calling for shipments of 120,000 tons, it is likely New Zealand came close to this figure. The New Zealand Dairy Board has not revealed the extent of the shortfall, but it is estimated that New Zealand butter shipments to the EC probably were over 100,000 tons.

Also still unknown are the conditions under which New Zealand butter can be exported to EC countries after 1980—and the quantity. The 1980 level is 115,000 tons, but EC sources reportedly favor cutting the level to 90,000 tons by 1985.

New Zealand butter exporters faced depressed prices in other important markets because the EC dumped subsidized butter in these countries at low prices. This problem apparently has been resolved by an agreement between the EC and New Zealand on a joint policy affecting butter exports to these markets.

New Zealand ships sizable volumes of casein to the United States. New Zealand is hopeful that casein sales to this country will remain at least at their present level, particularly in light of reports being received in New Zealand that the U.S. international Trade Commission has indicated that such exports to the United States are justified. A new pricing schedule for butter will probably eliminate the domestic consumer subsidy for butter, bringing its cost closer to that of oleo. —*Based on report by William V. Hadfield, Office of the U.S. Agricultural Attaché, Wellington.* □

Egypt

Boosts Flour Extraction Rate To Cut Bread Subsidy Costs; Wheat Imports Not Affected

Faced by ever mounting bread and flour subsidy costs, Egypt recently changed its flour extraction rate, making it possible to bake more bread from a given volume of wheat.

Moreover, it is hoped that consumers will purchase less of the lower priced, heavily subsidized, traditional balady bread, and consume more of the higher priced, less heavily subsidized, special balady, shamy, and European breads.

While this move enlarges the country's wheat supply, it will have no impact on Egypt's wheat imports since population growth of approximately a million people annually makes larger purchases necessary each year.

Egypt's wheat flour imports in 1980 are expected to remain near the 1979 level of 935,000 metric tons because recent price rises have dampened demand for most bakery items made of imported wheat flour. However, calendar 1980 wheat imports are currently projected at 5.3 million tons, compared with the estimated 4.9 million tons imported in 1979.

The 1980 wheat import level is about 53 percent higher than the 2.8 million tons imported in 1970 (July-June). Egypt's growing population forces it to import over 325,000 tons of wheat annually just to maintain current per capita consumption of bakery products.

The subsidies, which enable Egyptian consumers to buy their traditional balady bread at a low cost of 2.5 cents per pound, are a mainstay of the Government's domestic program. However, the subsidies have been growing year by year and for 1980 close to $1 billion have been budgeted, a total 19 percent greater than last year's $840 million.

Faced with the prospect that the subsidy total could near $1.1 billion this year, the Government hopes that its decision to change bread prices and the extraction rates for the country's three major bread types will generate a net savings of $200-$250 million.

The three major bread types, with their current flour extraction rates in percentages, are: **Balady** (the most commonly consumed type—a flat, round brown bread) 93.3, and **shamy** (a flat, round white bread) and **European-type** (white loaf bread), both 82.0. Under the new guidelines, special balady is larger, lighter in color and more expensive than the traditional balady variety, with an 82.0 percent flour extraction rate.

Shamy and European breads are the same price and the same size as before. But they are now made of 82 percent flour milled locally, rather than 72 percent imported fancy flour, and are slightly coarser.

Apparently the new extraction rates were established as a result of a Ministry of Supply survey which shows a growing preference for lighter breads. However, although the traditional balady extraction rate was increased from 87.5 to 93.3 percent, the old price will be maintained thus allowing low-income consumers—and those preferring not to change—to purchase lower quality bread at the old price.

Changes in prices for European-type bread and various bakery products in January 1977 resulted in consumer resistance that forced the Government to rescind most of the higher prices. Changes in the price of traditional balady bread were not attempted then.

It is hoped that the current Government policy will meet with no resistance.

The new policy also requires that all wheat be milled domestically—even though 90 percent of Egypt's

Portugal

Rise in Beef and Pork Slaughter Brings Slash in Meat Imports

Increased Portuguese pork consumption in 1980 will be mostly offset by lower beef and veal consumption. Although pork consumption will be greater in 1980 than in 1979, imports are likely to decline because of an even greater increase in domestic pork production. Beef and veal imports also will be lower in 1980, the result of reduced consumption and greater production.

Higher production estimates are based on con-

wheat supply is imported—and raises the sales price of high-quality wheat flours sold to macaroni and pastry producers.

Egypt's per capita bread consumption is mounting steadily, rising from an average of 2.5 loaves per day in 1970 to 3.4 loaves in 1978. Because of higher incomes, urban consumption is even larger, climbing from an average of 3.7 loaves per person in 1970 to 4.9 loaves in 1977, the last year for which data are available.

Because bread is the mainstay of the urban diet, the Government closely controls the baking industry to insure bread is available in sufficient quantity at low prices. The Government sells wheat to the bakers and fixes prices for both wheat flour and bread. *—Based on a report by Susan Buchanan, ESCS.* □

France

New Food Package Marking Rules

The French Ministry of Agriculture has issued new regulations covering package markings on all canned foods and all frozen foods except meat, ice cream, and sherbet. The rules, which go into effect September 8, 1980, mostly concern the listing of expiration dates, and give an alternate method for reporting such dates.

Under the first method, the expiration date is given according to the calendar:

- For an expiration date less than 3 months away from the date of manufacture, the date is expressed in terms of month and day.
- If the ending date is between 3 and 18 months away, it must be given as month and year.
- If over 18 months, only the year of expiration is required.

The alternate method counts days from the date of manufacture, the latter date in each instance must be given on the package.

- If the expiration date is less than 3 months away, the valid period is to be given as the number of days between the date of manufacture and the expiration date.
- If expiration is 3-18 months away, the valid period must be given as the number of months between manufacture and expiration.
- If over 18 months, the valid period is given as the number of years between manufacture and expiration.

Among the symbols required on the package in any case are the manufacturer's indentification, the date of manufacture, and the lot number. The date of manufacture may be date of freezing, or packaging, depending on product.

For imported food products, the date of manufacture may be expressed in symbols native to the country of manufacture, provided the importer informs the Service de la Répression des Fraudes, 44-46 Boulevard de Grenelle, 75732 Paris, Codex 15.— *Based on report by Turner L. Oyloe, U.S. Agricultural Counselor, Paris.* □

siderably larger numbers of both cattle and swine.

Beginning 1980 cattle numbers are estimated at 1.1 million head, up about 6 percent from the level a year earlier. The inventory buildup reflects the slump in domestic beef consumption, combined with chronically high prices.

Hog numbers, as of January 1, 1980, were estimated at 3.8 million head, 15 percent higher than the previous January 1 figure. An appreciable decline in disease-induced deaths in the swine herd and a drop in 1979 slaughter brought about the jump in the 1980 total.

Sharply reduced beef imports in 1980 are keeping producer prices buoyant in the face of the declining domestic consumption. As a result, both cattle slaughter and beef production are expected to incrase at a slightly higher rate.

Total cattle slaughter in 1980 is forecast at 448,000 head, up 2.5 percent—compared with a 2.0 percent growth rate in 1979—while combined beef and veal output, forecast at 94,000 tons, is 3.3 percent higher—compared with a 3.2 percent increase in 1979.

Contrary to earlier official forecasts, hog slaughter and pork production declined appreciably in 1979, a drop generally attributed to a discouraging hog-feed price relationship and to the narrowing gap between pork and beef consumer prices following the elimination of price controls in April 1979. But rising demand for pork in 1980 is expected to reverse the downtrend.

The official forecast for 1980 indicates hog slaughter at about 2.15 million head, up 10 percent, and pork production at 148,000 tons, up 11 percent.

In 1978 and 1979, consumption of beef and veal was down, the result of reduced supplies and comparatively higher beef retail prices. Although herds have been built up, the overall situation has hardly changed in 1980. Another decline in beef and veal consumption—albeit at a slower rate—is expected this year. The present beef and veal consumption forecast for 1980 stands at 102,000 tons, almost 4 percent below last year's estimate of 106,000 tons.

The rapid increase in pork consumption currently anticipated for 1980 should lower the retail price of pork and thus strengthen demand. The current consumption forecast points to 153,000 tons, 2.3 percent more than the 149,500 tons estimated for 1979.

Combined beef and veal imports declined 26 percent in calendar 1979. Argentina (4,437 tons), Uruguay (2,364 tons), and the Republic of South Africa (2,158 tons) were again Portugal's three most important single suppliers. Combined imports from the European Community, at 1,061 tons, represented 7 percent of total imports, compared with 4.5 percent in calendar 1978. Beef and veal imports in 1980 are expected to be below 10,000 tons.

Pork imports totaled 8,172 tons in calendar 1979, an eleven-fold increase from the 741 tons imported the year before. This sharp increase sprang from the need to meet expanding consumption requirements in the face of declining production. The anticipated upturn in production in 1980 suggests that pork import needs are not likely to exceed 5,000 tons during the year. *—Based on report by Richard T. McDonnell, U.S. Agricultural Attaché, Lisbon.* □

West Germany

Cotton Mills Forecast Halt To Decline in Consumption

West Germany's cotton industry, optimistic over indications that the downtrend in mill consumption has bottomed out, is projecting usage for the 1979/80 marketing year (Aug.-July) at about 166,000 metric tons (762,000 480-lb bales), about equal to or slightly higher than the year-earlier level.

During the 1978/79 season, West German imports of raw cotton dropped 16.1 percent to 177,000 tons (815,000 bales) from the year-earlier level. For 1979/80, a moderate increase of about 4.5 percent to 185,000 tons is anticipated.

Imports of U.S. cotton during 1978/79 reached 19,701 tons (90,000 bales)—11.2 percent of total cotton imports, making the United States the country's second largest supplier after the USSR. For 1979/80, the U.S. share is projected to reach at least 12 percent or about 22,000 ton (101,000 bales) of total cotton imports.

Although West Germany imported raw cotton from 40 countries during 1978/79, only two countries—the USSR and the United States—held market shares of more than 10 percent. Three countries—Turkey, South Africa, and Guatemala—held between 5 percent and 10 percent of the market. The Soviet share—18.6 percent in the 1978/79 season—is expected to hold at about this level during the current season.

The larger U.S. market share for the 1978/79 year is attributed to good quality, ready availability, and competitive prices. Many West German spinners, who in other years had preferred—for quality or price reasons—Soviet, West African, or South American cotton to U.S. varieties, have switched back to U.S. sources. Despite some problems involving wrapping and bale sizes (creating stacking problems), quality and price are the dominant factors favoring U.S. cotton.

West Germany's reexports of raw cotton during 1978/79 amounted to 14,000 tons (64,000 bales)—2.7 percent less than in the previous season. In 1978/79, reexported cotton went to 16 countries, but the five largest traditional buyers—the Netherlands, France, Switzerland, Austria, and Italy—accounted for 89 percent of these shipments.

In recent years, the volume of raw cotton reexported from West Germany has been fairly stable at 14,000-15,000 tons (64,000-69,000 bales) annually, and dealers foresee no significant changes in this trend. Raw cotton reexports during the 1979/80 season are forecast at about 15,000 tons (69,000 bales).

Despite the decrease in German raw cotton consumption during 1978/79, the share of cotton in competition with manmade fibers increased for the first time since 1974/75.

The gain in preference for cotton is attributed to a combination of fashion trends in favor of cotton and rising prices for synthetic fibers. To remain competitive in both domestic and foreign markets, German spinners hold their costs down by increasing use of cellulosic fibers, which are cheaper than cotton or noncellulosic synthetic fibers.

West Germany is among the world's largest importers and exporters of textiles. During 1978/79, foreign trade in cotton yarns, fabrics, and finished goods consisted of 369,680 tons of imports (73.4 percent) and 133,650 tons of exports (26.6 percent, about the same percentages as in the previous year.

Imports of cotton yarns, fabrics, and finished textiles in 1978/79 were 17.9 percent larger than in the previous season, and exports were 19.9 percent greater. Imports were 16.8 percent higher than exports in the previous year.

Raw cotton stocks held by spinners and dealers declined from 82,000 tons (377,000 bales) at the beginning of the season to 79,000 tons (363,000 bales) on July 31, 1979. However, based on such factors as the estimated small rise in raw cotton imports during 1979/80, a minor increase in reexports, and relatively stable domestic consumption, raw cotton stocks on July 31, 1980, are forecast to amount to 83,000 tons (381,000 bales)—4,000 tons (18,000 bales) more than on the same date a year earlier.

The general outlook for the West German cotton industry, while basically positive, is closely related to two factors—how fast the textile industries in developing countries will expand, and petroleum prices and availability, which together determine production costs for synthetic fibers.—*Based on report by Christel E. Wagner, U.S. Agricultural Trade Office, Hamburg.* □

World Food Prices

Continued from page 23

agreement reached on increased retail margins between the retail trade and the Swedish Price and Cartel Board, food prices were expected to rise by average 3 percent as of July 1.

Government, in effort to hold down consumer price increases, has substantially hiked subsidization of basic foods.

The Hague. Higher beef and seasonally high onion and apple prices are largely responsible for pushing prices up over 1.4 percent. Prices of the total package are close to 11 percent higher than those of a year ago, generally because of higher meat and coffee prices.

Although most prices remain virtually unchanged from those of 2 months earlier, price of high-quality beef was up because of short supplies. Prices of lower quality beef and all pork prices unchanged—surprising, considering the slowdown in Dutch exports to Italy (owing to veterinary problems).

Tokyo. Because of pork production adjustment through restriction of replacement sows, hog slaughter now expected to decline beginning in autumn, and therefore pork market has turned strong recently. Seasonal downtrend in egg demand plus slightly increased production caused drop in price. Changes in vegetable and fruit prices are seasonal.

Washington. Advances in prices for sirloin, chuck, and pork chops largely offset by lower prices for fresh fruits and vegetables, which were a better buy here than on a national average. While retail food prices in the capital declined 0.5 percent during the 2-month period, food prices on a nationwide basis rose 1.2 percent. □

TRADE BRIEFS

Argentina, USSR Sign 5-Year Grain Pact

Argentina and the Soviet Union have negotiated a 5-year grain and soybean trade agreement, calling for the shipment of 4.5 million tons to the Soviets per year. Corn, grain sorghum, and soybeans are included in the agreement that became effective this year. Argentina's corn exports to the USSR during 1980 are expected to reach at least 2 million tons, compared with 1.7 million tons in 1979 and 1.8 million in 1978. Exports of Argentine grain sorghum to the Soviets should be at least 500,000 tons this year. Previously, no significant quantities were exported to the Soviet Union. On the soybean side, Argentina is expected to ship about 700,000 tons to the USSR this year, compared with none in 1979 and 34,350 tons in 1978. Under the Terms of the new pact, Argentina will ship 500,000 tons to the USSR each year.

Peru's Fishmeal Output, Exports Running Well Below 1979 Pace

Peru's fishmeal exports during the first 4 months of 1980 totaled 138,600 tons—36 percent below the comparable 1979 period—as production stood at 222,300 tons, down 40 percent from the year-earlier level. The country's fishmeal stocks on April 30 were 225,200 tons, sharply below the 349,600 on hand at the same time in 1979. Although preliminary reports indicate that the fish catch in May increased significantly from that of the same month last year, there is some concern that the current biomass levels will not sustain continued fishing at the current pace. Therefore, exploratory fishing is underway to determine fishmeal production prospects for the reminder of this season.

Australia To Promote Wheat Through Technical Seminars

A significant development in Australia's market expansion program has been the Australian Wheat Board's decision to promote sales of wheat at the technical level. Since 1978, the AWB—together with the Australian Bread Research Institute—has offered six technical seminars annually to millers and bakers in Southeast Asia, an area where similar U.S. efforts have proven successful. More recently, these Australian seminars have been extended to the Middle East. As a result, the AWB is expected to appoint a full-time export promotions coordinator to administer the market development program.

U.S. Meat Promotions Score Success in Tokyo

More than a thousand buyers attended a 3-day exhibit of U.S. red meats, poultry, and fish at the U.S. Trade Center in Tokyo. Products on exhibit included a wide range of portion-controlled steaks, turkey franks, smoked and roast beef, flaked-formed steaks, beef and pork offal, and fish and seafood from American waters. Of the 29 U.S. companies having booths at the late-April show, 11 were new to the Japanese market. In a more recent U.S. meat promotion in Tokyo, a leading Japanese restaurant chain featured a week-long menu special of tenderloin and striploin steaks. The restaurant reported that business was brisk, with the customer volume rising about one-third.

U.S. Registers Gains In West Germany's Meal Market

West Germany's imports of soybeans and meal from October 1979 to March 1980—the first half of fiscal 1980—were markedly reduced, compared with year-earlier levels. The decrease was primarily in shipments of beans from Argentina and meal from Brazil. Smaller meal supplies from Brazil were almost entirely offset by larger imports from the United States. During the October-March period, West German imports of soybeans totaled 1.94 million tons, compared with 2.08 million during the comparable 1978/79 period. Beans from the United States during this period amounted to 1.82 million tons versus 1.85 million a year earlier. German meal imports during the 1979/80 period reached 941,000 tons, including 503,000 from the United States and 149,000 from Brazil. A year earlier, Germany had imported 958,000 tons—422,000 tons from the United States and 236,000 from Brazil.

Brazil's Coffee Exports Set at 15 Million Bags Following Frost Damage

Brazil's frost-reduced coffee crop for 1980/81 (July-June) will total at least 21 million bags (60 kilograms each), according to USDA estimates. The 1979/80 crop is estimated at 22 million bags. Exports for the year are expected to total 15 million bags, with domestic consumption amounting to 8 million bags. Ending stocks on June 30, 1981—at about 7.13 million bags—may be at the lowest level in more than 20 years. The outlook calls for a larger 1981/82 harvest, barring unfavorable weather.

Peru Reduces Duties On More Farm Imports

In continuing its policy of easing import restrictions, the Government of Peru has substantially reduced import duties on a number of agricultural commodities. These reductions were: Fresh and dried fruits, 75 percent to 40; semiprocessed fruits, 50 percent to 25; spices, 60 percent to 50; sausages, 100 percent to 80; canned meat, 100 percent to 60; processed fruits and vegetables, 80-90 percent to 60; and processed spices 80-100 percent to 70. These reductions could provide a greater incentive for Peruvian importers to look to the United States or other non-LAFTA countries, especially for fresh and dried fruits.

Japanese Imports of U.S. Cotton Ahead Of Year-Earlier Pace

Japan's raw cotton imports are expected to increase slightly to 3.45 million bales (480 lb net) in the 1979/80 season (August-July), while imports from the United States are estimated at 1.6 million bales, 19 percent above the 1978/79 level. This would give the United States a market share of about 46 percent, which is well above the average share of about one-third over the past 5 years. During August-April of the current season, Japan's imports of U.S. cotton were running about 26 percent ahead of the year-earlier pace, as imports from competing sources of supply, particularly in South and Central America, were down sharply. A buildup in cotton textile stocks has dampened Japanese demand for raw cotton.

Saudi Arabia Becomes A Leading Market for U.S. Peanut Butter

Saudi Arabia has become a leading export market for U.S. peanut butter as the value of these exports has reached $1.45 million during the first 8 months (October-May) of 1979/80. Shipments to Canada during the same period totaled $789,000. During fiscal 1979, U.S peanut butter exports to Saudi Arabia amounted to $1.2 million (versus only $14,000 in 1973), while exports to Canada—the top market that year—totaled $1.6 million.

WORLD AGRICULTURAL DAYBOOK

AUGUST

Meetings

Date	Organization and location
3-10	U.S.-Israel Technical Advisory Committee Meeting of BARD, Jerusalem
10-13	National Soybean Processors Association Convention, Pebble Beach, Calif.
11-15	UNCTAD Panel on Vegetable Oils and Oilseeds, Geneva.
17-18	Asia Food Aid Meeting, Colombo, Sri Lanka
21-Sept. 25	IDCA, AID, USDA, and University Representative talks on U.S. development assistance programs, Washington, D.C.
26-Sept. 6	FAO Regional Conference for Latin America, Havana
27-29	Annual U.S.-Korea Consultation on Agricultural Credit, Seoul

Trade/Technical Team Visits

U.S. Teams Overseas

Date	Team	To
Mid-August	OICD-SEA Team on Integrated Pest Control	Brazil
During Aug.	Supima cotton team	Japan, Korea

Foreign Teams in the U.S.

Date	Team	To
July 12-Aug. 1*	Chinese Grain Inspection Team	Louisiana, Kansas, Illinois, Iowa, Oregon, Washington, New York, Washington, D.C.
July 25-Aug. 14*	S.E. Asia Millers Team	Oregon, Minnesota, N. Dakota, Kansas, Nebraska, Washington, D.C.
July 27-Aug. 15*	Taiwan Feedgrain Industry Team	Minnesota, Iowa, Illinois, New York, Kansas, California, Washington, D.C.
August 2-9	Japanese Sunflowerseed Team	Major sunflowerseed producing regions.
Aug. 3-17	Polish soybean team	New York, Ohio, Indiana, Illinois, Iowa, Missouri, Louisiana, Virginia, Washington, D.C.
13-Sept. 17	Korean Flour Millers Team	Oregon, Washington, Montana, Colorado, Oklahoma, Illinois, Washington, ton, D.C.
Midmonth	Japanese Government Wheat Mission	Oregon, Idaho, N. Dakota, Colorado, Washington, D.C.
16-23	Peruvian Rice Team	Arkansas, Texas, Louisiana, Kansas, Nebraska, Iowa, Washington, D.C.
25-30	S. American Durum Trade Mission	Minnesota, North Dakota
Late month	S.E. Asia Industry Orientation Team	Itinerary to be determined

*Not available for inclusion in last month's listing.

Trade Fairs/Exhibits

Date	Event and location
16-27	International Agricultural Fair, Esteio, Brazil
19-Sept. 4	69th National Agricultural and Food Industrial Show, Budapest
25-26	Fun Food Festival (Solo U.S. Exhibit), Tokyo

Recent FAS Publications

- World Grain Situation (FG 21-80)
- World Oilseeds Situation and Outlook (FOP 16-80)
- World Cotton Situation (FC 14-80)
- World Production of Brazil Nuts and Cashews Recovers in 1979 (FN 1-80)
- World Tea Production Falls Slightly in 1979, Production Likely Higher in 1980 (FTEA 4-80)
- USSR Grain Situation and Outlook (FG 16-80)
- U.S. Pulse Exports, 1967/68-1978/79 (FDP 1-80)
- Mexico's Strawberry Production Declines (FBER 1-80)
- World Supply and Demand Summary for Grains, Soybeans, and Cotton (WSD 2-80)

Single copies may be obtained free from the Foreign Agricultural Service, USDA. Washington, D.C. 20250, Rm. 5918-S, or telephone (202) 447-7937.

U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250

PENALTY FOR PRIVATE USE $300
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U.S. DEPARTMENT OF
AGRICULTURE
AGR 101

First Class

** FA SERIA300SBISSDUE005R 1
** SERIALS PROCESSING
** XEROX UNIV MICROFILMS
** 300 N ZEEB RD
** ANN ARBOR MI 48106

Netherlands May Surpass Own Fats and Oils Trade Records This Year

The thriving Dutch fats and oils industry this year may equal or even surpass 1979's record high levels of oilseed imports, crushings, and exports of oilseed products, according to the U.S. Agricultural Counselor, The Hague.

Total oilseed crushings in the Netherlands last year were 3,075,100 metric tons, nearly 20 percent more than in 1978. Soybean crushings advanced 22 percent to 2,880,600 tons and rapeseed crushings surged ahead 45 percent to 85,600 tons.

Responding to higher crushing demand, imports of oilseeds soared 24.5 percent from the 1978 level to 3,450,000 tons. About 95 percent of these imports were soybeans and/or soybean oil, mostly from the United States.

Dutch exports of oilseeds and products last year jumped 18 percent above the 1978 total to 1,100,686 tons. Most of these shipments went to other European Community (EC) countries.

Although domestic availability of oilseed meals in 1979 was 5 percent higher than in 1978, soybean meal usage was lower because of the significant drop in Dutch imports of manioc. (Extra soybean meal is needed to balance the ratio between protein and carbohydrates when manioc is used in the ration.) Some slight growth in oilseed meal usage is projected for 1980, with exports forecast to increase at a greater rate.

In addition to the higher levels of oilseed imports last year, the Netherlands also imported more than 1 million tons of fats and oils—4.5 percent more than in 1978.

Imports of oilseeds and products from the United States last year were nearly 8.5 percent higher than in 1978. Soybeans and safflower oil made major gains, although imports of animal fats and marine oils were significantly lower.

Total imports of fats and oils by the Netherlands last year—including oilseeds on a fats-and-oils basis—were about 1.7 million tons, nearly 10 percent more than in 1978. The value of these imports rose from the equivalent of about $1,239.4 million in 1978 to about $1,652.6 million.

Imports of soybeans and soybean products in 1979 made the most impressive gains of all items in the oilseeds/fats-and-oils category, rising from 537,300 tons (oil basis) in 1978 to 643,000 tons in 1979—an increase of nearly 20 percent.

Imports of rapeseed and products jumped 192 percent over the 1978 level to 84,000 tons of rapeseed and 32,000 tons of rapeseed oil.

Total Dutch imports of oilseeds and products during 1980 are projected to increase slightly (up to 5 percent), with more emphasis on oilseeds and less on crude oil.

Total imports of soybeans are expected to be stable to slightly higher, while imports from the United States this year are projected at a slightly lower level because of competition from South American suppliers.

Imports of palm oil, palm kernel oil, and rapeseed oil are expected to grow at the expense of other vegetable oils and possibly fish oil. However, the share of U.S. fish oil in total Dutch fish oil imports may improve. Imports of animal fats are expected to increase slightly, with intense competition among the major suppliers.

Although 1979 was the fourth consecutive year in which Dutch soybean imports (mostly from the United States) were higher than in the previous year, changes may be in the making.

The United States exported 8.4 percent more fats and oils (including oilseeds) to the Netherlands in 1979 than in 1978, and the U.S. share of total Dutch fats and oils imports dropped in 1979 only 0.5 percent from the 1978 level. These developments were mainly the result of the significant increase in imports of soybeans from the United States.

The total share of the Dutch fats and oils market held by developed countries declined from 71 percent in 1978 to 68 percent in 1979, while at the same time the total market shares of developing countries increased from 29 percent to 32 percent. Although U.S. volumes increased, its share of the market slipped from 36 percent to 35 percent. Argentina, Brazil, and Indonesia increased their shares.

The most impressive volume gain was in soybean oil, which advanced from 282.4 million tons (oil basis) to 381.8 million tons. West Germany and the United Kingdom were the most important customers. □